

Netflix's Expansion into the Video Game Industry: Strategic Issue Management and Brand Extension Strategies

Student name: Trayana Bozduganova

Student number: 661839

Supervisor: Dr Michael Wayne

Master Media Studies – Media & Creative Industries

Erasmus School of History, Culture & Communication

Erasmus University Rotterdam

MA Thesis

22 June 2023

Word count: 16,098

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ABSTRACT

In recent years, video-on-demand streaming has become integral to the processes of production, distribution, and consumption of audiovisual media worldwide. For over two decades, Netflix has been considered one of the leading streaming service providers in the industry. However, over the past few years, Netflix's dominance in the video streaming industry has been weakening. The company's decision to pull its services from Russia, an increase in the prices in the US and Canada, account sharing, loss of content from various major channels across the US, and the constant and growing competition from the likes of YouTube, HBO Max, Amazon Prime, and Disney+, are among the primary factors contributing to this development. In the first and second quarters of 2022, Netflix lost nearly 1.200,000 members, which represents the most significant subscriber decline that the company has ever experienced since it began streaming to subscribers in 2007.

In November 2021, Netflix launched its first mobile game efforts in an attempt to diversify its content offering and keep hold of its existing user base of 231 million members worldwide. The company's strategy to enter the video game industry revolves around leveraging Netflix's established brand equity to extend its services beyond its native content and minimise the risk of losing even more subscribers. The service's prospects of reaching a wider, more diverse audience and purchasing market will significantly increase if a broader spectrum of products in multiple media is available to the platform's subscribers. By successfully expanding its market into the mobile games industry, Netflix can get a firmer hold of its existing customer base and attract new audiences to its services.

The strategic steps that Netflix has taken up to this point to ensure that its push into gaming will not be in vain include exploring interactive storytelling through projects such as *Bandersnatch* (Slade, 2018), developing "casual games" that account for the presumption that it is challenging for individuals without previous experience to step into the gaming world for a first time, acquiring several game developers with expertise in the field and assembling its own team of accomplished professionals, and adapting Netflix's recommendation engine that underpins the selection of movies and television shows to Netflix Games.

Currently, Netflix's game catalogue consists of licensed games, i.e., games based on an existing intellectual property licensed by the game's publisher, games created through the

collaborative efforts between the streaming service and acquired game developers, and Netflix Games, which is the equivalent of Netflix Originals but for games. Through partnerships and acquisitions, the streaming giant ensures that its catalogue consists of a wide variety of games that will serve different members' tastes and preferences in games.

Keywords: *Netflix Games, Brand extensions, Brand equity, Mobile games, Market expansion*

I. Introduction

In recent years, video-on-demand streaming has become integral to the processes of production, distribution, and consumption of audiovisual media worldwide. Initiated by streaming service and production company giant Netflix in 2007, the size of the video streaming market is estimated to increase from US \$554.33 billion in 2023 to US \$1,902.68 billion by 2030, constituting the largest segment in the global streaming industry (Fortune Business Insights, 2023). With more than 25 years of experience in the technology and entertainment sector and 231 million paid memberships in over 190 countries, Netflix is among the world's leading entertainment services (Netflix, 2022). However, over the past few years, Netflix's dominance in the video streaming industry has been weakening. Some of the factors contributing to this development include Netflix's decision to pull its services from Russia, an increase in the prices in the US and Canada, account sharing, loss of content from various major channels across the US, and the constant and growing competition from the likes of YouTube, HBO Max, Amazon Prime, Disney+, and more (Vatu, 2022). The company's struggles to keep hold of some of the content available on the platform, along with its most significant subscriber decline to date in the first and second quarters of 2022, when Netflix lost nearly 1.200,000 members (Netflix, Inc., 2023), calls for taking preventive measures if the platform is to secure its place as a leading service provider in the global streaming market. And whereas it is difficult to determine if those are the exact reasons behind Netflix's recent endeavour, the company's efforts to expand its services into the mobile games market seem to be directly connected to its net debt amounting to close to US \$8.29 billion (Simply Wall St, 2023).

In November 2021, Netflix launched its first mobile game efforts (Malik, 2023). Shortly after, in September 2022, the company started to push even deeper into the world of video games by announcing the opening of its first built, and not acquired, video games studio in Helsinki, Finland (Makuch, 2022). Currently, Netflix owns four internal game development studios, including Night School Studio, Boss Fight Entertainment, Next Games, and Netflix Games (Mott, 2022). As of November 2022, Netflix's game catalogue consists of 47 titles available on both iOS and Android devices. All games are accessible to the platform's subscribers at no additional cost and ad-free, meaning that the only requirement to play is installing the games on one's mobile device (Rahimi, 2022).

In the podcast *WeAreNetflix*, vice president of Games, Mike Verdu, addresses some of the implications behind Netflix's decision to enter the video games market. Besides its principal goal of

keeping hold of its current users while attracting a brand new segment of customers, Netflix offers its members a service that accounts for the general presumption that it is challenging for non-gamer individuals to step into the medium of video games for the first time, further assuming that there is a kind of game experience for everyone regardless of whether or not a person has engaged in interactive entertainment prior to this moment (Troxell, 2022). Netflix's approach to implementing the new feature will hinge on proven practices, such as employing the same recommendation engine the streaming service uses to suggest films and television shows to its users based on their previous activity on the platform. According to Verdu, algorithmic use in the context of Netflix Games could reshape the future of gaming, as well as the gaming industry as a whole.

Here, it is essential to mention that the video streaming service has been toying around with the idea of engaging its subscribers interactively before. *Black Mirror: Bandersnatch* (2018) is one of the most prominent instances of such attempts, as the entire premise of the movie revolves around engaging the viewer interactively by allowing them to make decisions on behalf of the main character that determine the development of the story as well as its outcome (Dealessandri, 2021). More examples of interactive storytelling on Netflix based on the same principle include *You vs Wild: Out Cold* (Buchta et al., 2021), *Cat Burglar* (Bowman, 2022), *Unbreakable Kimmy Schmidt: Kimmy vs the Reverend* (Scanlon, 2020), and *Puss in Book: Trapped in an Epic Tale* (Burdine & Castuciano, 2017). Those titles are among the most successful interactive specials that allow the viewer to control the story or answer trivia questions (Astley, 2022). Introducing Interactive Storytelling on its platform in 2017 allowed Netflix to lay the foundations for developing interactive entertainment and, eventually, make its way into the video game industry.

Experimenting with interactive entertainment prior to launching Netflix Games seems to be the way to go if the company is to penetrate the games market and diversify its content offering without running the risk of investing too much capital in the new venture all at once only for it to fail due to poor customer engagement. In the past, Netflix has released several titles based on games, which allowed the company to delve deeper into game-based content and observe and analyse its performance on the platform. *Arcane* (Netflix, 2021), the animated television series based on *League of Legends*, and *Cyberpunk: Edgerunners* (Jaki, 2022), based on *Cyberpunk: 2077*, are some of the most watched television series based on popular video games on the platform. Therefore, Netflix's investments in the gaming sector could be interpreted as the streaming giant's attempt to attract a completely new segment of gamer subscribers as game-based content such as *Arcane* and *Cyberpunk: Edgerunners*

would appeal to users with previous experience in gaming the most. By releasing game-based content on the platform, the company not only works towards attracting game enthusiasts to the service but ensures that those same people's investment in game-inspired content will ultimately translate into an interest in Netflix Games.

From the conception of Netflix Games and the conditions inflicting the company's expansion into a different market to the project's impact on the video games industry and the strategic measures that the streaming service has taken up to this point to achieve its goal of not only entering but succeeding in the mobile games market, the primary purpose of this thesis revolves around shedding light on Netflix Games from multiple angles of interpretation. Simply put, the main objective of the present analysis is to uncover Netflix's actions for penetrating the gaming industry. Thus, the following research question is posed: "How does Netflix employ brand extension strategies to penetrate the gaming industry and establish itself competitively in the mobile games market?"

As the research question suggests, Netflix's decision to extend its brand into the mobile games market will be approached qualitatively through a set of concepts derived from media industry studies and the study of marketing. Given the current state of the streaming market and the undeniable competition Netflix has been facing subsequently to the emergence of other video-on-demand services, topics such as brand extension strategies, customer-based brand equity, marketing performance, risk management, and capital allocation when launching a new venture will put the issue into perspective. The primary sources of information that address Netflix's push into gaming consist of publicly available secondary data sources such as trade press publications, official press releases, and owned (by Netflix) media channels' publications. The data will be analysed through the methodological framework associated with production cultures, which is a category within the broader field of media industry studies (Caldwell, 2018; Herbert et al, 2020). The information acquired through this investigation will function as a focal point in parsing out Netflix's expansion beyond television shows and movies. Due to the recency of the event and regardless of the spirited discussions Netflix's entrance into the gaming industry has sparked in the online environment, academic literature addressing this specific topic has not been written yet. Thus, the sets of concepts and ideas that will constitute the academic relevance of the paper will be derived from scholarly literature that does not address the issue directly but nevertheless translates into the case of Netflix's expansion into the mobile games market.

Before proceeding to outline the theoretical framework necessary for establishing the angle through which the issue at hand will be approached, it is essential to acknowledge that even though Netflix Games was launched back in November 2021, a marketing campaign promoting the new feature is yet to be seen, suggesting that the company is either not confident in the product or, more likely, that it is a purposeful but suspiciously quiet launch (Farokhmanesh, 2022). Nevertheless, given the scale of the project and the uncertainty surrounding this new venture, it is inevitable that the company will try and derive from the brand's image to evoke a sense of familiarity, loyalty and trust in its current and future customers based on Netflix's previous performance and undeniable success in the video streaming market.

II. Theoretical Framework

1. Brand Extension Strategies

To better understand the proposed research question, it is crucial to have a detailed image of what a brand extension strategy is, its purpose and the outcomes it can lead to depending on how successful it is. Simply put, brand extension strategies refer to companies' attempts to replicate their brand's value when introducing a new product or a product line related to the brand. The primary goal behind brand extensions is to leverage the company's already established equity and recognition to help it launch its latest product and potentially save on marketing and advertising costs by benefiting from existing customer loyalty and trust (Hennig-Thurau et al., 2009; Keller, 1993). And whereas brand extensions can make it easier for companies to introduce new products into the market and gain market share, it is essential to note that they can sometimes fail, provided that the new product does not align with the established brand values or falls short of meeting customer expectations. A well-known instance of a brand extension failure, Colgate's Kitchen Entrees illustrates the popular toothpaste brand's ill-fated attempt to expand its business into the food industry by introducing Colgate's hot meals. The vision behind this brand extension was rooted in the logic that customers would use Colgate toothpaste after eating a Colgate dinner first. However, the dental care brand soon realised that customers were not overly enthusiastic about eating hot meals from a brand they associated with the minty fresh flavour of its oral hygiene products, indicating that the product extension was too much of a stretch and made no sense for the parent brand or its target market (Bailey, 2022). Cases such as Colgate's Kitchen Entrees demonstrate how brand extensions can backfire and even damage the brand's reputation and equity instead of asserting it. Therefore, it is vital for companies to carefully consider the potential risks and benefits of brand extensions before launching new products.

2. Brand Equity and Marketing Productivity

Customer-based brand equity is among the primary determinants as to how successful a brand extension will be, if at all. By definition, customer-based brand equity is "the differential effect of brand knowledge on consumer response to the marketing of the brand" (Keller, 1993, p.2), meaning that the brand's image, positive or negative, significantly impacts the customers' (un)favourable reactions to an element of the brand's marketing. In other words, the value that the brand name adds to comparable products can shape the customers' attitudes towards the product,

thereby influencing its performance and overall success on the market. Indeed, brand equity represents the intangible value that a brand possesses, encompassing consumers' perceptions, attitudes, and associations, i.e., "anything *linked* in memory to a brand" (Aaker, 1991, p.101), related to the brand. It is built over time through consistent marketing efforts, positive customer experiences, and effective communication strategies.

One of the primary reasons to study brand equity stems from the motivation to improve marketing productivity through strategy. In marketing, a company's knowledge about its brand and the value it holds in the consumer's mind can be a crucial asset for improving marketing productivity. Financial valuation issues may appear less significant if the company fails to build symbolic value for its brand or if the managers lack the skill to leverage that value through profitable brand strategies. Provided that a company has invested in previous marketing programs and successfully established brand equity, benefitting from those actions is to be expected (Aaker, 1991; Faircloth et al., 2001; Keller, 1993). For instance, brand equity can enhance customer loyalty and increase the probability of repeat purchases as it is more likely for consumers with a positive perception of a brand to choose it over competitors, leading to improved customer retention rates and higher sales (Aaker, 1991; Faircloth et al., 2001; Keller, 1993). Additionally, brand equity can contribute to price premiums, suggesting that consumers' perception of a brand as superior or unique prompts their willingness to pay a higher price for its products or services compared to identical offerings from lesser-known brands. Such pricing advantage can lead to increased profitability and market share for the company. Lastly, and most importantly, brand equity leaves room for brand extensions and product diversification. A strong brand with positive associations can successfully expand its reach into new product categories or target new customer segments, leveraging the existing brand equity to foster the acceptance and adoption of new offerings (Keller, 1993).

For a brand extension to succeed and be positive received by customers, it is essential for managers to understand how to make the most out of the value created by brand equity through effective brand strategies. Having a thorough understanding of their competitive landscape, target market, and consumer preferences would allow managers to make informed decisions about positioning, messaging, and marketing tactics. Without this knowledge and the ability to develop profitable brand strategies, the company will likely fail to take advantage of the brand equity's potential value (Aaker, 1991; Faircloth et al., 2001; Keller, 1993). In short, while financial valuation is imperative, a company's most valuable means for improving marketing productivity is its brand

equity, that is, the “set of assets such as name awareness, loyal customers, perceived quality, and associations” (Aaker, 1991, p.18) in the consumer’s mind. If effectively leveraged through profitable brand strategies, brand equity can drive customer loyalty, command price premiums, and enable successful brand extensions, ultimately leading to improved financial performance and market success.

In industries characterised by prolonged market presence, such as the streaming industry, it becomes increasingly challenging for established companies to grow and remain competitive. As competitors are constantly innovating to offer cost-effective, expedited, and superior products, relying on a single product or service to boost viability can be a lacking long-term strategy (Faircloth et al., 2001; Keller, 1993). Therefore, launching diverse products in multiple markets simultaneously under the umbrella of a consolidated brand can be an economically beneficial strategy that can also help businesses differentiate themselves from the competition in the industry. Unlike Amazon, for example, that focuses on e-commerce (Amazon.com), cloud computing (Amazon Web Services and Amazon Luna), online advertising (Amazon Ads), digital streaming (Prime Video and Amazon Music), and artificial intelligence (Amazon Lex), developing games is Netflix’s first attempt to expand its market reach beyond video streaming. Given the issues that the company has been facing over the past couple of years, such as the loss of content and, consequently, subscribers, as well as its net debt of over US \$8 billion, market penetration and brand extension strategies are worth considering as such actions can improve Netflix’s overall marketing productivity. For Netflix’s future, brand extensions and offering diversification in terms of content seem to be some of the safest ways to minimise the risk of losing even more subscribers. Moreover, the service’s prospects of reaching a wider, more diverse audience and purchasing market will significantly increase if a broader spectrum of products in multiple media is available to the platform’s subscribers; by successfully expanding its market into the mobile games industry, Netflix can get a firmer hold of their existing customer base and attract new audiences to its services.

3. Product Life Cycle in Media Planning

Another advantage worth accounting for when venturing into a different from the parent company’s industry is the prospect of extending the life cycle, that is, the evolution of a product through four distinct stages - introduction, growth, maturity, and decline, of the original product by finding a way to strengthen the connection between the old product and the new one (Kopp, 2023). When it comes to high-budget media products such as films, television series, books, and video

games, it is crucial to recognise that those products' life cycle is rather short and follows “an exponential-decay pattern”, meaning that most of the revenue is generated immediately after their release (Hennig-Thurau et al., 2009, p.167). On such occasions, extensions of movie and television show brands, for example, can prolong the life of the original product. At first glance, accounting for the scale of the project that Netflix Games is and the amount of capital allocated to the venture, it seems far-fetched that its sole purpose is limited to reviving the audience's interest in the film and television content available on the platform as the development expenses spent on the extension will most likely exceed the cost of the products Netflix Games supposedly attempts to promote in the first place. However, launching a new venture under Netflix's brand in the entertainment technology sector is expected, given the company's long history, reputation, and undeniable leadership over the video streaming industry for the past 25 years. Despite the audience's general dissatisfaction with the streaming service provider recently, Netflix's brand equity will likely translate into a favourable reception of Netflix Games. Indeed, while it is clear that Netflix Games is anything but a mere advertising campaign, some of the most well-received Netflix games so far are based on original Netflix shows.

Developed by Netflix Games, *Stranger Things 3: The Game*, for example, is the official companion game to the third season of the American sci-fi horror drama series *Stranger Things* (Netflix, 2016–*present*) and among the most successful Games' projects yet. One of the most beloved Netflix originals ever created, *Stranger Things* season four, has been the second most-watched Netflix series of all time accumulating 1.352 billion hours viewed in its first 28 days of streaming (Smith, 2023). Arguably, the show's popularity enticed fans, both gamers and non-gamers, to engage with the game as, essentially, it builds upon the *Stranger Things* universe by allowing the player to explore it through the experiences of a character of their choice. With that in mind, it is arguable that the relationship between Netflix's native content comprised of movies and television shows and Netflix Games is reciprocal instead of unilateral. On the one hand, Netflix Games benefits from the Netflix brand and its established equity over the years. As the *Stranger Things* example suggests, users tend to associate the service with the high quality of its original content and the wide variety of on-demand films and television series available on the platform, which predisposes them to believe that the new venture will level up to the standards set by Netflix prior to Games. On the other hand, Netflix Games has the potential to attract a brand-new segment of members who will subscribe to the service for its game catalogue but will ultimately show interest in Netflix's video offering, too, thereby extending the life of Netflix's pre-games content since, as previously mentioned, the latest

feature comes at no additional cost and is available on Netflix's online platform. By gaining access to Netflix's film and television library, users who subscribed to the service because of its game releases will eventually engage with Netflix's video content, too. Following the footsteps of *Stranger Things: The Game*, which became the first video game adaptation based on an original Netflix show, *The Queen's Gambit: Chess*, *La Casa De Papel*, *Shadow and Bone: Destinies*, and *Too Hot to Handle* (the first game based on a reality Netflix franchise) mark other notable entries in the realm of gaming, further expanding the influence of some of the most watched and widely acclaimed Netflix originals ever created (The Deadline Team, 2022).

4. Types of Media Products Based on Business Environment

To understand the employment of brand extension strategies in the context of the issue at hand, that is, Netflix's expansion into the gaming industry, it is necessary to set apart the types of media products based on their business environment. The first category consists of *single-creation products* (SCPs). Creative and idea-driven, due to the single-creation nature of these goods, the conditions of their development are project-oriented and often based on unique individual media content. Considerable marketing and sales costs are to be expected by producers if they are to gain customer attention through content creation (Picard, 2005). Publishing, design, film, architecture, music, performing arts, and art, in general, represent some of the most prominent creative industries known for producing single-creation goods (DCMS, 2001). It is crucial to note that SCPs pose high risks and experience high failure rates because of the unpredictability and uncertainty in the market for single-creation products. Often designed for specific purposes or tasks, SCPs may have limited functionality compared to multi-purpose alternatives. They excel at their intended function but may lack versatility, and although uniqueness is the most valuable asset of those products, companies must expend significant marketing and sales costs to engage the consumer (Picard, 2005).

In contrast to single-creation products, *continuous-creation products* (CCPs) are concept-driven, meaning that companies focus on creating "changing content provided within a package that exhibits continuity" (Picard, 2005, p.62). Magazines, newspapers, television series, and television networks are apt examples of CCPs. Due to their continuous nature, those products rely upon well-structured and coordinated problem-solving processes to thrive over long periods of time and retain customer engagement. Producers must operate as product or brand managers by focusing on selecting, processing, and re-packaging content rather than creating it. With CCPs, the experientiality of the product, i.e., the emotional response it triggers in the consumer, is of prime concern. Lower

marketing and sales costs are characteristic of CCPs as those products aim at creating habitual use patterns and are often based on a subscription-based revenue business model (Picard, 2005).

As a continuous-creation products producer, Netflix relies on proven practices to engage its members and build a relationship based on trust and loyalty. Apart from the company's customer-centric strategy, that is, a business strategy focused on connecting to and understanding the customers' perceptions and expectations of the product or service (Fader, 2020), and one of the best recommendation systems by far developed to personalise the users' viewing experience and ensure their satisfaction with and positive experience on the platform, the signature house style of Netflix's original content is a core marketing technique and an invaluable tool that allows the company to maintain its emblematic identity and differentiate itself in the video streaming market (Arun, 2023). On a surface level, Netflix's association with CCPs has much to do with the type of its content. As previously mentioned, television series are continuous-creation products because they rely on habitual use patterns of systematic engagement with content and exhibit continuity. Netflix's overall brand, however, could be considered a continuous-creation product itself. Whereas most film and television studios have little to do with their productions' overall aesthetic, the streaming giant capitalises on its established brand identity to influence the look and feel of its original content. Due to Netflix Originals' house style, audiences get used to the recurring patterns that the streaming giant employs to convey certain messages (Wisecrack, 2022). Indeed, Netflix Originals' cinematography makes films and television shows that are fundamentally different from one another appear altogether similar. Simple, no-nonsense compositions, low contrast and consistent use of soft-focus shots render the images pleasant and comfortable for the eyes. The combination of these purely technical aspects comprises Netflix's non-confrontational signature house style. Because these films and television shows' cinematography tends to feel very smooth and functional, relying on colour schemes characterised by deeply saturated matte hues rendering the actors within the scene almost phosphorescent, unrealistic and highly stylised depictions of the Indian slums in the crime drama *The White Tiger* (Bahrani, 2021) (fig. 1) and the dusty Wild West saloon in *The Harder They Fall* (Samuel, 2021) (fig. 2) become visually analogous to the lavish mansions in the American reality series *Selling Sunset* (Netflix, 2019–*present*) (fig. 3), where a group of ostentatious real estate agents navigate their personal and professional lives in the glorified city of LA (Wisecrack, 2022; Miller, 2022).

Figure 1: *The White Tiger* (2021)



Figure2: *The Harder They Fall* (2021)



Figure 3: *Selling Sunset* (2019–present)



5. The Video Game Industry

Lastly, it is essential to understand the circumstances under which businesses in the creative industries, such as Netflix, had to operate if they were to overcome the challenges brought on by the technological advances of the 21st century.

Founded in 1997 by Reeds Hastings and Marc Randolph, Netflix started off by both selling and renting DVDs by mail. In 2007, the company revolutionised the entertainment industry by introducing streaming media and video-on-demand services (Kariuki, 2023). Unlike many companies from that time that failed to account for the changes in the media environment brought on by the technological advancement in the age of digitalisation, Netflix managed to understand and take advantage of the ongoing media transformation (Kamps, 2023). Acquiring a thorough knowledge of the change factors in the entertainment industry is crucial for companies such as Netflix as it offers them the guidelines necessary for strategic management and decision-making in the digital age (Malmelin et al., 2021). Unlike Netflix, the international retail franchise and online music store Tower Records is an apt example of a legacy media company that fell into decline because of its

inability to adapt to the changes in the mediascape. The advent of digital music transformed the music industry fundamentally and reshaped people's interaction with music from that point onward (Waldfoegel, 2017). The rise of disruptive digital forces such as music piracy, iTunes, and the emergence of audio streaming platforms like Spotify and Pandora (Hracs & Webster, 2020) played a pivotal role in the downfall of Tower Records in 2006 when the company declared bankruptcy.

In *A casual revolution: Reinventing video games and their players*, Jesper Juul (2010) addresses the emergence, growing interest, and engagement with video games among individuals who identified as non-players at the beginning of the 21st century. According to the scholar, the primary factor behind this increase in engagement was the introduction of what the industry referred to as "casual games", that is, games designed for easy accessibility and offering maximum flexibility in terms of gameplay (Juul, 2010). The complex interplay of various aspects, such as the game development economics and the lower cost associated with casual games, are some of the primary reasons behind the popularisation of this kind of games and their integration into players' lives in a different way to core games, i.e., games that require players to engage for longer gaming sessions, resulting in a considerable expansion of the gaming audience. Even though casual games were not considered "core" to the industry, expanding the marketplace was, and still is, an obvious strategic move that uncovers certain industrial practices, such as the imperative for profit-oriented companies to seek out growth opportunities (Juul, 2010).

This shift in thinking and strategising about developing games was highly influenced by the technological changes from 2010 onward, which made game production more accessible, and the emergence of a new segment of customers who identified as "casual gamers" (Juul, 2010). Developers observed a shift in gameplay behaviour that deviated from the traditional expectations guiding game production in the past. They witnessed people engaging with games free from the requirements of spending hours to progress, lack of social interaction, or reliance on home-based consoles. The introduction of the smartphone enabled gameplay experiences to reach a broader audience beyond console or portable game device owners. However, it was through intentional development and strategic decisions within the industry to create games specifically for these devices and casual contexts that phones became widely adopted as tools for gameplay (Juul, 2010).

Unlike Juul (2010), whose work centres around exploring individuals' growing interest in and engagement with casual games specifically, along with the conditions under which those games gained popularity among people without previous experience in gaming in the first decade of the 21st century, Kerr (2017) situates the "digital game industry" on a much broader scale that spans

console, PC, online and mobile games. By drawing attention to the increasingly global character of the video game industry in comparison to other media industries that operate on a distinctly national level, she examines aspects such as “the changing structure of the digital games industry, changing production logics, changing aspects of circulation, and the influences of policy on the global games industry” (Kerr, 2017, p.11) to present a comprehensive analysis of the political, economic, and sociological factors surrounding the expansion and restructuring of the global games industry over the past ten years.

In 2022, the global video games market was estimated at US \$199.74 billion, with predictions to reach US \$307.19 billion by 2029 (Fortune Business Insights, 2023). Despite the relative recency of the phenomenon, the digital games industry has been expanding exponentially over the past four decades. Today, it is among the most thriving sectors in the entertainment industry, characterised by transnational production networks, substantial revenues, regionalised markets, localised content, and support strategies (Kerr, 2017). And whereas console games remain a core part of the video game industry, mobile gaming is gaining momentum by reporting substantial growth in emerging markets (Kerr, 2017). According to Kerr, “The rise of networked and mobile games combined with new platforms and business models have fuelled revenue growth for some new entrants, but other companies have struggled to adapt” (2017, p.4), suggesting that despite the business growth opportunities in the sector, the emergence of “fast-growing sub-sectors like mobile” (Kerr, 2017, p.12) pressured game developers to adjust their business models and cater to the demands of a new category of gamers, i.e., casual gamers (Juul, 2010), in developing markets to secure their competitive advantage in the industry.

Adopting and adapting production logics from other cultural fields is commonplace in the digital games industry (Kerr, 2017). Online distribution models and the exchange of industrial competencies across different markets facilitate the emergence of new institutional practices, such as the rise of “platform logic” that “brings together mobile devices, Internet intermediaries, data science, algorithms, and free-to-play business models as a particular configuration” (Kerr, 2017, p. 15). In recent years, emerging trends such as cloud gaming, Metaverse gaming, casual gaming, Augmented and Virtual Reality (AR and VR) gaming, and cross-platform gaming have altered the video game industry fundamentally by revolutionising the gaming experience and exposing individuals to what seems to be a spectrum of endless possibilities for engaging with games on a whole new level (Howarth, 2023). Among the trends that have managed to persist in the video game industry as of late is the Game Pass subscription model. From Xbox Game Pass to Ubisoft+, the

prospect of enjoying a wide range of games without having to invest \$60 to \$100 for each newly released title has proven successful among gamers seeking financial efficiency. And whereas prices may vary across different services, the game subscription model has also made inroads into the mobile games market with services such as Apple Arcade, Google Play Pass, and Netflix Games (Gordon & Hill, 2022).

To conclude this chapter, Netflix's global success stems from various factors related to its overall brand identity, that is, "what marketers want their brand to mean to consumers" (Faircloth et al., 2001, p.71). The production company's house style and high-quality original content, coupled with its recommendation system, provide the platform's users with a highly personalised experience, which is considered Netflix's unique selling point and among the primary reasons behind the company's exponential growth over the years - in 2019, the platform attained the position of being the top-ranked brand experiencing the most rapid growth the United States (Wong, 2020). The increased customer interaction and Netflix's playful and humorous distinct brand voice across all media channels have resulted in a considerable gain in the company's brand equity that, despite the issues Netflix has been encountering after the COVID-19 pandemic, remains its most valuable asset. As previously established, if properly managed, brand equity can facilitate thriving brand extensions and drive customer loyalty, which in Netflix's case, would translate into a positive reception of Games. And while Netflix Games will undoubtedly benefit from Netflix's established brand equity, the film and television content available on the platform will receive new attention from the newcomers who subscribed to Netflix for its games catalogue. In this way, the streaming service provider will expand its market and reach a new segment of potential customers, such as gamers and video game enthusiasts, while simultaneously extending the life cycle of Netflix's film and television content - those who have subscribed to the service specifically for Games will likely engage with the rest of the content streamed prior to the latest feature.

III. Methodology

In this section, it is necessary to establish that the issue at hand, i.e., Netflix's expansion into the video game industry, will be approached qualitatively. This research focuses on analysing secondary data sources including trade press publications, official company releases, and the podcast *WeAreNetflix* featuring interviews with the company's production workers, through the methodological framework associated with "production cultures as a category of media industry study" (Herbert et al., 2020, p.64). Similarly to other branches of media industry studies, production cultures research focuses on examining the impact of industrial media production practices on the kind of media that is being produced (Herbert et al., 2020), especially with regard to the sets of meanings and values that shape the individuals involved in media production, such as "the material, symbolic, and representational practices of production workers" (Caldwell, 2008, p.345). The research approaches Netflix's expansion into gaming through production cultures study because it is through the company's production workers and their accounts of the event, i.e., the launch of Netflix Games, that the larger narrative surrounding Netflix's gaming efforts is being pieced together. Identifying the key players from both the video streaming and the mobile game industries is crucial for the analysis as it will provide a comprehensive view of the creative and organisational dynamics surrounding the venture and a thorough understanding of how knowledge and industry-specific practices characteristic of those fields intertwine and manifest in a single product (Herbert et al., 2020). Themes such as the alignment in values and mission as a necessary prerequisite for acquisition and Netflix's culture of inclusion and accessibility in the context of Netflix Games are fundamental to the topic and disclose critical information about how Netflix's production cultures shape not only the beliefs and values of the company's employees but the media Netflix produces in a way that aligns with that same value system. Lastly, as demonstrated in the previous chapter of this thesis, that is, the *Theoretical Framework*, the academic literature addressed beforehand on topics such as brand equity, brand extension strategies, product diversification, marketing performance, business environment, and the video game industry will come into play to conceptualise Netflix's expansion into mobile games.

1. Qualitative Data Analysis

Qualitative research encompasses multiple disciplines and is characterised by interpretive, political, and theoretical embeddedness. Relying on language to comprehend concepts rooted in

people's experiences, this method of analysis seeks to capture the broader landscape of human relationships (Brennen, 2017). According to Steinar Kvale (1996), the primary goal of qualitative research should be interpreting meaningful relations instead of quantifying objective data.

Qualitative researchers explore diverse perspectives on knowledge and recognise reality as socially constructed. Essentially, through their research, they aim to offer a range of meanings and truths by being aware of their active involvement in the research process and the potential biases that may emerge on the topic of interest (Brennen, 2017).

In the field of media studies, quantitative researchers typically approach communication as a behavioural science, counting on scientific models of communication. They employ diverse methodological strategies to quantify the influences of various forms of communication on certain societal groups. By measuring these effects, they aim to provide empirical evidence and objective insights into the field of communication (Brennen, 2017).

In contrast to quantitative research in media, qualitative researchers delve into the spectrum of meanings and values that emerge from everyday media products. Instead of analysing media's effects or influences, they aim their attention at comprehending the intricate relationships between media and society (Brennen, 2017). As John Pauly (1991) points out, the primary objective of qualitative research is to present plausible accounts of how groups articulate their perspectives to the world and to elucidate the role that mass communication plays in shaping these explanations.

2. Qualitative Analysis of Secondary Data

Unlike secondary analysis of quantitative data commonly used by researchers across various disciplines, secondary qualitative data analysis presents distinct methodological and ethical considerations, especially in cases where the qualitative data is transmitted, and the inquiry is conducted by researchers outside of the data collection process (Ruggiano & Perry, 2019). To understand the method of analysis better, it is crucial to recognise that secondary data analyses (SDAs) involve inquiries that examine data collected for a previous study to shed light on new questions or apply different analysis strategies to reveal unique perspectives on the topic central to the original investigation. Though not without constraints, such an approach can maximise the usefulness of the previously gathered data to its full potential and scope of possible meanings. Hinds et al. (1997) describe four approaches to secondary data analysis. The first approach refers to research where the SDA focuses on a different from the original study's topic of interest. And whereas the second approach revolves around the attempt to conduct a more thorough analysis of

the themes from the parent study using some of the data collected for that same study, the third approach to SDA analyses purposely selected parts of the data from the parent study that appear to be important to the SDA but have not been central to the primary analysis. Lastly, the fourth approach examines data sets that include information from the parent inquiry and newly collected data that refines the research question or the purpose of the parent study (Hinds et al., 1997).

Regarding the research design for this thesis, the data will be coded thematically based on the first and third approaches to qualitative analysis of secondary data. According to Braun and Clarke, “thematic analysis is a method for identifying, analysing and reporting patterns (themes) within data” (Braun & Clarke, 2006, p.79). In essence, the analytic process suggests a progression that begins with describing the identified themes - the data is systematically organised to disclose patterns within the semantic content, providing a comprehensive summary of the findings. It then moves towards interpretation, where the focus is to theorise the significance of these patterns and their broader meanings and implications based on existing literature (Braun & Clarke, 2006). With that in mind, publicly available secondary data sources such as trade press publications, magazine features and the appropriate Netflix, Inc. official press releases will constitute the data basis for the analysis because sources of this nature can offer valuable insights into the streaming industry as well as related topics such as business strategies, ownership patterns, and labour practices. They enable a comprehensive understanding of these issues by shedding light on the complex dynamics and interrelationships involved. By exploring such sources, researchers can gain a deeper appreciation of the multifaceted aspects surrounding these areas of study (Perren, 2015).

Lastly, the concepts discussed in the previous chapter will function as a starting point in the attempt to re-contextualise Netflix’s game efforts and see what strategic steps the streaming service giant has taken up to this point to secure its place on the video streaming market and establish itself in the gaming industry. In essence, the analysis will focus on interpreting purposely selected parts of the data from the original sources in the attempt to try and understand the brand extension from a marketing viewpoint.

3. Operationalisation and Units of Analysis

To answer the research question, the data was converted into observable and measurable components through selective coding, which focuses on demonstrating the relationship between the dominant themes and identifying possible key concepts (Boeije, 2010). Netflix’s expansion into the video games industry is approached as an industry practice, and the primary sources of information

and units of analysis include interviews with the company's employees and their accounts on Netflix Games, trade press releases covering the new venture, and official company releases.

In an episode of the podcast *WeAreNetflix* called *Interactive Storytelling at Netflix* (Troxell, 2020), Director of Product Innovation, Carla Engelbrecht, and Vice President of Original Series, Andy Weil, delve into the collaborative efforts between content and product teams that led to the introduction of Interactive Storytelling on the platform. Through a detailed analysis of the acclaimed *Black Mirror: Bandersnatch* (2018) as a case study, they disclose the behind-the-scenes development of the specialised software used for creating the interactive special. Furthermore, they address what the future of interactive experiences on Netflix looks like, sharing insights on the upcoming ventures in the evolving realm of interactive entertainment. In the second of the two episodes, *The Inside Story of Creating Games at Netflix* (Troxell, 2022), Vice President of Netflix Games Mike Verdu sheds light on the motivations and strategies behind Netflix's entrance into the gaming industry. Additionally, Studio Director at and founder of Night School Studio Sean Krankel talks about the unique experience of creating games within the Netflix ecosystem and his approach to developing games in general.

In addition, trade journals specialising in delivering video game and technology and entertainment coverage, such as news, trailers, reviews, and walkthroughs, provided the broader industrial context necessary for understanding Netflix's push into gaming. The trades that became central to the analysis due to the extensive nature of their reporting and comprehensive understanding of the industry include GameSpot, Wired, GameRadar+, TechCrunch, No Film School, Screen Rant, VGC, Deadline Hollywood, MakeUseOf, PC Gamer, and PCMag. Additionally, business news websites such as CNBC, Forrester, Harvard Business Review, Simply Wall St, and Fortune Business Insights provided details concerning the economic side of the issue.

When analysing the data, several themes took precedence and, as a result, were identified as central to the research. By identifying the relationship between those themes, topics such as brand equity, brand image, brand extension strategies, product diversification, and marketing performance emerged and enabled an understanding of the issue at hand from a marketing point of view in the context of the gaming and video streaming industries. Those themes include:

- i. The intersection of technology and entertainment as a prerequisite for interactive storytelling and, consequently, developing games at Netflix;
- ii. Casual gaming and Netflix's recommendation engine in the context of Netflix Games;

- iii. Games as a storytelling medium;
- iv. The acquisition of game developers based on shared values and mission;
- v. The gap between Netflix Games and the Netflix App. What the future of gaming at Netflix looks like?

4. Credibility of the Research. Validity and Reliability.

The credibility of qualitative research represents an assessment of the truth value of the study, indicating the extent to which the findings are deemed accurate and correct (Seale et al., 2004). In the context of the present study, the research question was formulated prior to the data collection process, ensuring that it remained unbiased by personal interpretations or previous engagement with the data.

Validity and reliability are the two concepts based on which the credibility of this research will be assessed. Since the chosen method is a thematic analysis of secondary qualitative data, several criteria will ensure the research's reliability, that is, the extent to which the study's results are unaffected by random or coincidental factors in their generation, and validity, that is, how faithfully and accurately an account represents the social phenomena it pertains to (Kirk & Miller, 1986). First, the research attained reliability through its theoretical rootedness and the employment of a transparent operationalisation process. Second, it is essential to establish that the reputability of the sources was of utmost importance. In the cases where official press releases, i.e., the materials available on Netflix's website, such as public relations and investor relations, were insufficient in the information they disclosed due to lack of objectivity, competitive data secrecy and anti-transparency policies, the closest to the industry and most relevant trade press publications provided the background knowledge necessary for painting the whole picture and acquiring a thorough understanding of the streaming industry. However, the trade press can also function as a tool for public relations rather than purely journalistic endeavours. Additionally, it often perpetuates an industry's self-created myths and narratives by focusing primarily on the influential executives and leading creative minds within that field, which is why consulting additional secondary sources that could support and validate the credibility of the information provided in the original secondary source was essential for this research. Another reliability measurement was to examine the reference list (in the cases where one was present) and ensure that the sources it included were reputable (Perren, 2015).

Lastly, the notion of reflexivity refers to the researcher's awareness and acknowledgement of their own position, biases, and subjectivity throughout the analytical process (Brennen, 2017). In other words, it suggests that one's active involvement in the research process will inevitably impact the course of the study based on the researcher's prior experiences, assumptions, and beliefs. To avoid misinterpreting the information, the theoretical framework used in this study underwent continuous changes as new insights and relevant data emerged during the research process. This way, the information was strictly understood in the context of the relevant academic literature, which left little to no room for interpretation bias.

5. Ethical Concerns

This research encountered no ethical concerns since the topic in question is non-sensitive and non-personal in nature, and it does not inflict harm upon individuals or any social group. The research aims to interpret the phenomenon, that is, Netflix's expansion into video games, by focusing on understanding and analysing its broader implications without infringing upon personal privacy or causing harm to any involved parties. Additionally, the secondary data gathered throughout the research phase, i.e., the sources addressing Netflix and Netflix Games explicitly, belongs to the public domain, which is the realm of knowledge, creative works, and information that is not protected by intellectual property rights such as copyright, patents, or trademarks. It encompasses materials that are freely available for use, reuse, and modification by the public without seeking permission from the original creator or rights holder.

IV. Results

In this chapter of the thesis, the results from the thematic analysis will be discussed based on the theoretical framework and the methodology outlined in chapters II and III, respectively.

To understand Netflix's expansion into gaming in its entirety, it is essential to start from the beginning, or the conception of the idea revolving around developing a gaming service on Netflix, and progress chronologically and thematically toward its realisation in November 2021 when the company launched its first mobile game efforts. Although Netflix had never shared any intentions to release a game-streaming service prior to Netflix Games, in 2011, the company announced its plan to offer games for rental by mail. In Hasting's words, "Members have been asking for video games for many years, and now that DVD-by-mail has its own team, we are finally getting it done" (Downin, 2011). Even though the project never came to fruition, it is still highly indicative of Netflix's long-standing interest in expanding its services into the video game industry.

1. The Intersection of Technology and Entertainment

Since Netflix began streaming content to subscribers in 2007, the video streaming industry has been constantly evolving due to emerging digital technologies from 2005 onward, e.g., digital television, smart devices, social media, and Web 2.0, and the hefty competition from the likes of HBO Max and Amazon Prime, for example. Despite the changes in the media environment and the saturation of the video streaming market with similar products, Netflix's established brand equity remains among the company's greatest assets in terms of its competitive advantage in the video streaming industry. As mentioned earlier, when effectively utilised through lucrative brand strategies, brand equity can foster customer loyalty, warrant premium pricing, facilitate successful brand extensions, and ultimately result in enhanced financial performance and market success (Aaker, 1991; Faircloth et al., 2001; Keller, 1993). And since Netflix is known for its sense of innovation and ability to adapt to the changes in the mediascape, developing a variety of products in technologically evolving media, such as interactive media and games, seems to be the natural continuation of the Netflix brand. As a Netflix spokesperson told one of the world's largest sources for video games news, GameSpot:

Our members value the variety and quality of our content. It's why we've continually expanded our offering - from series to documentaries, film, local language originals and

reality TV. Members also enjoy engaging more directly with stories they love - through interactive shows like *Bandersnatch* and *You vs Wild*, or games based on *Stranger Things*, *La Casa de Papel* and *To All the Boys*. So we're excited to do more with interactive entertainment. (Pereira & Newhouse, 2021)

Enabled by the swift rise of interactive technology over the past few years, Netflix had started experimenting with the idea of interactive storytelling on the platform long before launching Games. In *Interactive Storytelling at Netflix*, senior software engineer and host of *WeAreNetflix*, Lyle Troxell, explains the relationship between the technological landscape and interactive storytelling:

The idea of interactive movies and TV shows has been around for a long time. Decades, actually. But it never really caught on because there was no way to deliver a great interactive experience to mass audiences using traditional platforms. In recent years, that's all changed. With the rise of streaming and smart digital devices, a world of interactive possibilities has opened up. (Troxell, 2020)

In the same vein, Director of Product Innovation at Netflix, Carla Engelbrecht adds:

This [i.e., interactive storytelling] seemed like an opportunity for us to take a big swing at something that we had reasonable confidence that consumers would be excited about, and creators would be excited about, and staying true to ourselves with being creative and experimental and trying new things. (Troxell, 2020)

The launch of *Black Mirror: Bandersnatch* in 2018 is indicative of how Netflix's sense of innovation and understanding of the technological landscape distinguished the company from its competitors and reclaimed the trust of its audience yet again. As the interactive special launched globally in 28 different languages and on more than a thousand devices, nearly every Netflix member worldwide had access to it due to its broad spectrum of device coverage spanning from smart TVs and desk computers to game consoles, iOS, and Android. In Engelbrecht's words, the streaming service had done something that "no one has done before" (Troxel, 2020). Moreover, interactive specials such as *Bandersnatch* (2018) and *You vs Wild* (2019) not only marked the beginning of a new era for Netflix

but allowed the company to test the waters for actual Netflix games in the future (Dealessandri, 2021).

Despite exploring the realm of interactive entertainment prior to Netflix Games through cases such as *Bandersnatch* and *You vs Wild*, in 2018 the company announced in a statement that it had no intentions to take the interactive experience any further:

We don't have any plans to get into gaming. There's a broad spectrum of entertainment available today. Games have become increasingly cinematic, but we view this as interactive narrative storytelling on our service. (Calvin, 2018)

However, regardless of its initial doubts, in June 2021, the streaming service marked its first push beyond TV shows and movies by hiring Mike Verdu, a former executive at video game company Electronic Arts and Facebook, as the Vice President of Game Development at Netflix (Novet, 2021). The new hire came with plans to add video games to Netflix by 2022, and in August 2021, the service launched its first trial with users in Poland able to try some of the *Stranger Things* games the platform had to offer. "Starting today, members in Poland can try Netflix mobile gaming on Android with two games - *Stranger Things 1984* and *Stranger Things 3* - all as part of their membership", a Netflix spokesperson said in a statement (Holt, 2021).

To return to the topic revolving around companies' adaptability to the conditions of the ever-changing media environment in the creative industries, Netflix is a fitting example of how understanding the industry and the consumers' needs can help businesses remain relevant and maintain leadership positions in the market. In a sense, Netflix Games came to fruition due to the company's ability to observe the changes in the media landscape and respond to them by developing new products that resonate with the customers' growing interest in interactive entertainment. As the Head of Games at Netflix, Mike Verdu, explains:

I watched several hundred million new gamers, even though they wouldn't describe themselves as gamers, come into interactive entertainment over a period of about five or six years, and it was magical. It was mostly women, not men, of all ages, coming into gaming to play with their friends or on their own on a variety of different canvases from the Facebook platform to mobile devices when they first started rolling out at scale. What I see us doing here, at Netflix, is just continuing that momentum. (Troxell, 2022)

Based on Verdu's words, two central themes emerge to the surface. First, the rise of what the industry refers to as "casual games", and second, the topic surrounding people's self-identification as gamers or non-gamers based on their previous experiences and interactions with games. In the following section, these takeaways will be addressed in the context of the mobile game industry from 2010 onwards and in relation to Netflix Games.

2. Casual Gaming and Netflix's Recommendation Engine

As a company "that's perfectly balanced between technology and entertainment", which, according to Verdu, is "what games are all about" (Troxell, 2022), developing mobile games within the Netflix ecosystem is not as far-fetched as it may sound. As previously established, the advent of the smartphone made gameplay experiences accessible to a broader audience beyond console or portable game device owners and marked a fundamental shift in gameplay behaviour among individuals who started to identify as "casual gamers" (Juil, 2010). Through intentional development and strategic decisions within the industry to create games for mobile devices and casual contexts, phones became widely adopted as tools for gameplay (Juil, 2010) and, as Verdu points out, through Netflix Games, the company was "just continuing that momentum" (Troxell, 2022).

Unlike console games that require special equipment and significant time investment to play, mobile games appeal to a different segment of customers, the so-called "casual gamers", who seek flexibility and accessibility when it comes to the experiences they expect to have when engaging with games. Over the years, the slang term "Netflix and chill" has become part of the mainstream vocabulary that, nonetheless, perfectly captures Netflix's ideology and way of engaging its subscribers. Netflix's approach to Games is very similar to this outline as it centres around introducing the general public to the gaming world in a distinctly non-confrontational, accessible, and relaxed way. As the Studio Director at and founder of Night School Studio (one of Netflix's acquired game developers), Sean Krankel, says, "I want everybody to know that they probably are a gamer already and that the term *gamer* is just such a weirdly loaded title that people immediately either have an allergic reaction to or self-identify with" (Troxell, 2022).

Stemming from the notion that everybody is, to one extent or another, unknowingly a gamer, introducing Netflix's non-gamer members to mobile games comes with its own set of challenges, as game discovery is among the primary obstacles developers encounter when breaking into the gaming industry (Troxell, 2022). Mike Verdu explains that Netflix's solution to this problem

centres around adapting the personalisation and recommendation system that underpins the selection of movies and shows for Games to provide subscribers with the type of game experience they will likely enjoy based on their previous activity on the platform (Troxell, 2022). Additionally, through the acquisition of several gaming studios, including Night School Studio, Boss Fight Entertainment, and Next Games, Netflix ensures that different people's tastes and preferences in games will be satisfied. As vice president of Game Studios, Amir Rahimi, says, "These four studios [including Netflix's internal game studio], each with different strengths and focus areas, will develop games that will suit the diverse tastes of our members" (Rahimi, 2022). The company's reputation as the best video streaming service regarding its recommendation system is well deserved and among the primary reasons why people stay loyal to Netflix. As Krankel says regarding the challenge of game discovery:

Finding a game that matches up with you is extremely difficult. Unless you're out there reading all these various websites and blogs and following person x on Twitter, you are probably going to have no clue about all the awesome games you're missing out on because you're just not immersed in it. That's a real challenge on all various fronts, like pairing people up with stuff they like, and the fact that Netflix has such a powerful recommendation engine makes me excited to pair our games up with people who might have not otherwise found them. (Troxell, 2022)

Netflix Games' efforts to serve different members' tastes seem to be a strategic advantage, the results from which, albeit surprising, provide an accurate representation of the kinds of games people want to see on the platform. Contrary to the company's expectations, in 2022, the top two games on Netflix were *Asphalt Xtreme* and *Knittens* (Troxell, 2022). Verdu describes *Asphalt Xtreme* as a "crazy over-the-top racing game with these outlandish off-road vehicles" that matches most people's expectations of what games should look like. *Knittens*, on the other hand, is a match-three game – a type of puzzle game, like *Candy Crush Saga*, in which players rearrange pieces to form lines, chains, or groups of three or more of the same elements, where the player lines up little balls of yarn to solve puzzles, earn more yarn, style outfits for their cats, and then compare their cats' outfits to those of other players. As Verdu says:

How off-road racing and kitty couture can be the top two games is magical and fun, and it just shows you that they [the two games] are serving different members' tastes, and that's great because that's really what we are setting out to do here. (Troxell, 2022)

Indeed, due to the broad spectrum of possibilities video games provide – in Krankel's words, “they can be competitive, they can be narrative, they can be relaxing, they can be insular, they can be meditative, they can be the biggest challenge you encounter during the day”, there seems to be a flavour for everybody to enjoy (Troxell, 2022).

3. Games as a Storytelling Medium

Netflix's aspirations to transform the mobile game industry go beyond matching the gamer to the game. With years of experience in storytelling under its belt, Netflix approaches Games as a storytelling medium that, through stories, allows the player to connect to the characters and the events taking place in the game on a deeper level. On the subject, Krankel shares that, even though many people assume that his only goal as a game developer is to branch the story, “it's really about what experience you're trying to create and then apply story effectively” (Troxell, 2022). Player verbs, *or* the actions that the player can do in a game, such as walking, jumping, and shooting, are critical for games as without player verbs, the storyline's progression would be impossible. But since Netflix focuses on connecting the player to the characters and the events in the game through storytelling, the story becomes the player verb. As Krankel puts it:

If in another game the verb is run-and-gun or if it's menagerie sources, for us, it's *talk*. Can *talk* be the player verb, or can pushing and pulling the story in different directions be that player verb? (Troxell, 2022)

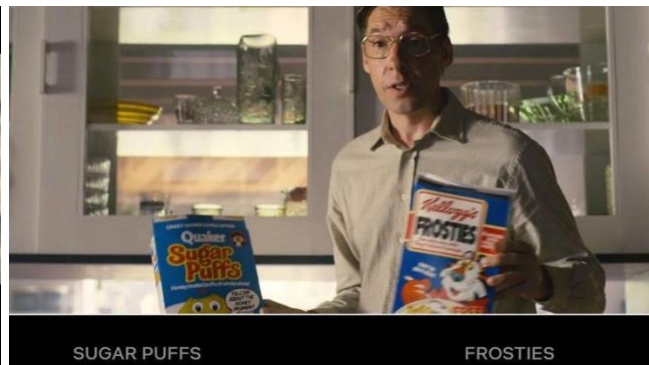
Similarly to Games, Netflix's approach to storytelling in the context of movies and television shows has very little to do with the usual tropes and figures, such as the hero's journey and character archetypes, used by filmmakers since the dawn of cinema. Instead, storytellers on Netflix build their characters based on questions such as “How did this person become who they are today?” and “Where are they going next?”, foregrounding the characters' inner worlds and personal stories, the things that made them *them* (Vogels, 2021).

Another point worth accounting for when it comes to storytelling in games is the extent to which the player has control over the story's outcome. On that topic, Krankel says that his goal has always been "to make sure that there is a strong sort of writer and director hand felt throughout the experience so that the player does get to lose themselves inside of a story" (Troxell, 2022). He adds that to make the player "feel like they can push the story wherever they want", it is necessary to ensure that the game has "a really strong thematic resonance at the core", a single theme that, nevertheless, allows the story to play out in a variety of different ways to fulfil that theme (Troxell, 2022). Returning to *Black Mirror: Bandersnatch*, the interactive special is an embodiment of Krankel's approach to giving the player the impression of having control over the story. The "choose-your-own-adventure" edition provides the viewer with a set of possibilities for further action development. However, the degree to which this development depends on the viewer is questionable as, first of all, most of the decisions the viewer is supposed to make on behalf of the main character seem inconsequential to the story's progression (at some point, the audience is asked to choose between two options of cereal for breakfast) (see Figures 4 and 5) and, second, most choices, whatever they may be, do not allow for significant deviation from the original predetermined path that the characters take.

Figure 4: *Black Mirror: Bandersnatch* (2018)



Figure 5: *Black Mirror: Bandersnatch* (2018)



Krankel's approach to Netflix Games in terms of storytelling is vastly influenced by how Netflix has been telling stories through films and television shows prior to Interactive Storytelling and Netflix Games. As previously mentioned, Netflix has not only changed the video streaming industry. It has also changed the way stories are told nowadays. Indeed, Netflix's original productions focus on dissecting the characters' inner worlds - a practice that represents this transition in storytelling "from plot-driven dramas to character-driven narratives" (Vogels, 2021).

Exemplified by shows such as *The Queen's Gambit* (2020), *Halston* (2021), and *Bridgerton* (2020–present), the streaming service understands that “complex personalities keep us hooked”, that “nothing is more interesting than people” (Vogels, 2021), especially when those people, i.e., fictional characters, exhibit traits similar to those of real human beings, making them appear even more relatable and captivating to watch.

Bandersnatch and Netflix Games seem to follow the exact same formula when it comes to storytelling, which albeit unconventional for the video games medium, has the potential to revolutionise the industry by fundamentally changing people's perceptions, interactions, and experiences while playing. As CEO of Netflix, Reed Hastings shares, “The best managers figure out how to get great outcomes by setting the appropriate context, rather than by trying to control their people” (Vogels, 2021). By the same token, instead of pushing and pulling their characters in various directions that advance the story's plot, storytellers on Netflix centre their stories around the characters and the circumstances, *or* the context, under which they have become who they are (Vogels, 2021). And since Netflix is widely recognised as the brand that transformed storytelling and put the beginning of a new era for television, it is only expected that the company will try to profit from this image and its established brand equity to launch Netflix Games. In a sense, the latest feature is a natural continuation of a long-lasting tradition in storytelling, which, if properly handled, can reshape the future of casual gaming.

4. Game Studio Acquisitions

Currently, Netflix's game catalogue consists of licensed games, i.e., games based on an existing intellectual property licensed by the game's publisher, games created through the collaborative efforts between the streaming service and acquired game developers, and Netflix Games, which is the equivalent of Netflix Originals but for games (Troxell, 2022). When it comes to game studio acquisitions and collaborations, Verdu shares that it is the company's priority to align with the newcomers, be it an individual employee or an entire company, in terms of their “fundamental values and mission” because if the two parties have that in common, “then you've got that foundation where you can build a healthy team making accessible products that serve the world” (Troxell, 2022). He emphasises the importance of alignment in values and mission by adding:

It is incredibly important to me, and to my team, to make sure that we're true to the Netflix values and that we have teams that are diverse and working on products for the entire world and not just a subset of the world. (Troxell, 2022)

The acquisition of Night School Studio is an apt example of the importance of alignment in values and mission. Regarding the acquisition process, Krankel shares that Netflix's vision for Games and Night School Studio's approach to developing games represented "a healthy diagram overlap of intentions and thoughts about how the future of gaming should go and how stories can be in games" (Troxell, 2022).

Netflix's culture of inclusion and accessibility seems critical for the company regarding the message it wants to convey to the public, as well as the associations this message elicits in the consumer's mind. Netflix sees inclusion as a collective effort that centers around creating a healthy workplace where people feel valued and included. By increasing the representation of individuals from diverse backgrounds based on inclusion metrics such as gender, race/ethnicity, LGBTQ+, and disability, Netflix ensures that, instead of simply raising awareness, the company focuses on taking action in the right direction (Myers, 2023). Moreover, Netflix's inclusion initiative stretches beyond its workforce. As the streaming service's goal seems to be creating and connecting stories to people worldwide, hiring employees from different backgrounds and fostering a culture that celebrates those differences is essential for telling far-ranging stories and making them accessible everywhere (Myers, 2023). By leveraging its pre-established brand equity that is largely based on values such as inclusivity and accessibility, the company ensures that Netflix Games will receive the same positive reception as Netflix's native video content.

The advantages of acquisition bring forward another side of the topic worthy of addressing in the given context. According to Mike Verdu, acquisition is a viable way for Netflix to assemble its own game development team as, through studio acquisitions, the company gets hold of existing teams that have the muscle memory, cohesion, and a history of working with each other over multiple games, which, given how new Netflix is to the world of mobile games, is what makes them so valuable to the company (Troxell, 2022). As Verdu says in a statement regarding the acquisition of the Finnish free-to-play mobile game publisher Next Games, "Next Games has a seasoned management team, strong track record with mobile games based on entertainment franchises, and solid operational capabilities" (Lunden, 2022), making the studio the perfect addition to Netflix's game development team. The acquisition is part of Netflix's plan to expand its gaming offerings in

conjunction with its video library, and Next Games aligns with this objective beyond doubt. Before joining Netflix, Next Games has already created successful titles associated with some of Netflix's most popular franchises, including *Stranger Things* (2016–present) and *The Walking Dead* (2010–2022), which, as previously established, can help the streaming service provider expand its market and reach a new segment of potential customers, such as gamers and video game enthusiasts, while simultaneously extending the life cycle of its film and television offering. Through this acquisition, the relationship between the two companies will be further solidified. Moreover, by obtaining Next Games' intellectual property, talented workforce, and established business of in-app purchases, Netflix will likely enhance its profit margins beyond simple brand licensing (Lunden, 2022).

Similarly to Krankel's experience of Night School Studio's acquisition, CEO and founder of Next Games, Teemu Huuhtanen, says:

Joining forces with the world's largest streaming service, Netflix, presents an opportunity for a logical and exciting continuation of our strategy to craft interactive experiences for the world to enjoy. [...] This is a unique opportunity to level up the studio on all fronts and continue our mission together. (Lunden, 2022)

On the subject, Chairman of the Board of Directors at Next Games, Petri Niemi, adds that "Next Games will benefit from Netflix's long-term expertise in the entertainment business and second-to-none technological and creative expertise as well as a data-driven strategy", suggesting that partnerships and acquisitions such as the ones mentioned here not only help Netflix succeed in the mobile games market on account of those studios' years of experience in the gaming industry but can, too, prove beneficial for the acquired developers. Other than profiting from the streaming giant's established brand equity in the entertainment and technology sector, the acquired studios will achieve the financial freedom to focus on the purely creative side of game development. The American video games developer Boss Fight Entertainment is an example of how working for Netflix can lift the financial burden many independent studios experience in the highly saturated mobile games market.

Founded in 2013 by former employees at Zynga Dallas and Ensemble Studios Bill Jackson, David Rippy, and Scott Winsett, Boss Fight Entertainment is the third studio to join Netflix on its game development journey (Malik, 2022). In a statement on the studio's accession to Netflix Games, Rippy, Winset, and Jackson talk about the advantages of the acquisition and what it means to them as creators:

Boss Fight's mission is to bring simple, beautiful, and fun game experiences to our players wherever they want to play. Netflix's commitment to offer ad-free games as part of members' subscriptions enables game developers like us to focus on creating delightful game play without worrying about monetisation. We couldn't be more excited to join Netflix at this early stage as we continue doing what we love to do while helping to shape the future of games on Netflix together. (Malik, 2022)

All things considered, the gradual acquisition of diverse and experienced game studios such as Night School Studio, Next Games and Boss Fight Entertainment indicates that Netflix is serious about penetrating the video games market and that the company is in it for the long haul. By joining forces with those three studios, Netflix ensures that the creative team behind Netflix Games consists of accomplished professionals whose vision for the future of gaming aligns with the streaming giant's mission to supply its members with a variety of high-quality interactive entertainment that does not conform to the traditional methods for developing games and focuses on storytelling instead. As Rahimi says:

We're still in the early days of building great game experiences, as a part of your Netflix membership. Through partnerships with developers around the world, hiring top talent, and acquisitions like this, we hope to build a world class game studio capable of bringing a wide variety of delightful, and deeply engaging original games with no adds and no in-app purchases to our hundreds of millions of members around the world. (Malik, 2022)

5. The Gap Between Netflix Games and the Netflix App. What the Future of Gaming at Netflix Looks Like?

Even though Netflix's push into gaming began back in November 2021, the company's reputation as a household name in the entertainment industry does not seem to be a good enough reason for users to give up the time they spend on platforms such as TikTok every day in exchange for playing mobile games - in a shareholder letter issued in 2021, Netflix identified Epic Games and TikTok as its biggest rivals for people's time (Netflix, 2021), suggesting that the company sees the issue as a matter of "intensifying competition for user attention" (Stebbins, 2022). According to Senior Analyst at D.A. Davidson, Tom Forte, supplying games can be a means for increasing user

engagement as “One of the many advantages to Netflix in pursuing the strategy [i.e., expanding into gaming] is the ability to drive engagement beyond when the show first comes out on the platform” (Stebbins, 2022). However, this strategy in its current form does not necessarily facilitate subscriber retention on the platform, as once downloaded, users can launch Netflix games from their smartphones’ home screens repeatedly without ever visiting the Netflix mobile app again. And although Netflix Games is far from an intermediary for advertising Netflix’s native content, the tie between Netflix Games and the Netflix app itself seems underdeveloped (ColdFusion, 2022). Additionally, 2022 findings from analytic company Apptopia have revealed that an overwhelming 99% of users on the platform have never engaged with Netflix’s game catalogue, and the statistics obtained by CNBC via Apptopia disclose information stating that the new feature has a total of 23.3 million downloads with an average of 1.7 million daily users, which represents only a fraction of Netflix’s subscriber base of 231 million (Farokhmanesh, 2022; Stebbins, 2022).

From an economic point of view, despite the advantages of substantial financial resources associated with large corporations such as Netflix, the funding procedures of a parent company frequently pose considerable drawbacks because corporations tend to allocate money for new projects all at once, anticipating a substantial return on investment in short order (Gilbert & Eyring, 2010). The more funds companies invest in the initial stages of developing a new product, the faster their patience tends to diminish, and business owners become more inclined to maintain the validity of their original approach, even when faced with evidence suggesting otherwise (Gilbert & Eyring, 2010). Thus, the goal of experiments should be to guide and redirect a venture instead of simply validating the correctness of the original idea (Gilbert & Eyring, 2010).

Although Netflix never disclosed any intentions of making video gaming a core part of its strategy, the company’s gaming efforts seem capital-intensive and add up to a considerable investment in the new venture. For instance, Netflix’s acquisition of Next Games amounts to about US \$72 million (Lunden, 2022). According to *Forrester* analyst Mike Proulx, Netflix’s push into gaming has been a gradual investment, and it currently seems to be in the phase of what he would classify as “more of a test and experiment” (Proulx, 2022). Proulx also highlighted that most people do not typically associate Netflix with gaming, which, alongside the lack of a marketing campaign, could be the reason why download figures for Netflix games fall far short of leading mobile games such as *Among Us*, *Roblox* and *Fortnite* (Proulx, 2022; Stebbins, 2022). As Netflix’s head of external games, Greg Peters explains to CNBC, “we’re still intentionally keeping things a little bit quiet because we’re still learning and experimenting and trying to figure out what things are going to

actually resonate with our members, what games people want to play”. Based on Peters’ words, it seems that Netflix is still experimenting with monitoring human behaviour on the platform, implying that once it has the data, the company could manage a much more purposeful launch (Stebbins, 2022). On the topic, Hastings adds that Netflix approaches the new feature piece by piece and aims to please its members “by having the absolute best in the [mobile games] category” and that the streaming service’s goal is to be “differentially great at it” as opposed to merely “being in it” (Stebbins, 2022).

Whereas Netflix Games is still in the nascent stage of its development, there are some comparisons for what the future of the service might look like. Similarly to Amazon Prime Gaming, which provides games and other services based on a monthly subscription model, Netflix approached the expansion by acquiring smaller studios to build up its own core of developers. Although Amazon Game Studio had some ambitious projects, most of them encountered failure, negatively affecting the company’s image and reputation. Highly anticipated games like *New World*, for example, were expected to be monumental successes for Amazon Games, but instead, the premature release harmed the company due to the extensive list of bug issues with bots and the steadily declining player base (Brown, 2022).

In August 2022, Netflix posted job listings on LinkedIn that hinted at a cloud gaming venture. Often referred to as “game streaming”, cloud gaming is a method of playing video games that uses remote servers in data centres to run and stream games directly to the user’s TV or computer desktop over the Internet (Parrish & Roach, 2021). The openings were listed for a Security Product Manager with experience in handling “cloud gaming challenges” and a Rendering Engineer who could support Netflix’s “cloud gaming service” (ColdFusion, 2022). At the annual TechCrunch Disrupt event in October 2022, Netflix confirmed the speculations surrounding its latest efforts to expand its content offering into cloud gaming for TV and PC and revealed that another in-house game studio in southern California is about to become a reality. Known for his contributions to acclaimed video game titles such as *Overwatch* (2016) and *God of War* (2013), former Studio Head at Activision and ex-developer at Sony Santa Monica Studio, Chacko Sonny, will be in charge of the upcoming “organic” studio, which will mark Netflix’s fifth internal game development endeavour (Makuch, 2022). Sonny’s previous experience in video game development makes him a suitable candidate for the position. As Verdu says regarding Sonny’s accession to Netflix, “You don’t get people like that coming to your organisation to build the next big thing in gaming unless there’s a sense that we’re in it for the long haul and the right reasons” (Makuch, 2022). Similarly to

Netflix's approach to building a team of experienced mobile game developers for Netflix Games, the streaming giant is actively seeking to recruit high-profile professionals and industry talent from the video game industry to help realise Netflix's cloud gaming venture. Alongside Sonny, former art director of *God of War*, Raf Grassetti, and writer and designer on several Halo games, Joseph Staten, are joining the initiative (Gerblick, 2023). Grassetti announced the news on his personal Twitter account, saying, "I'm really excited to build a team and to work with the amazing Joseph Staten, Jerry Edsall, and Chacko Sonny to bring a new world to life" (Gerblick, 2023).

As previously mentioned, it is difficult to say if mobile games can solve Netflix's issue regarding the growing number of lost subscribers over the past couple of years as, in its current state, the tie between Netflix Games and the Netflix app itself is underdeveloped. And whereas mobile games on Netflix might not succeed in retaining subscribers, according to Mike Verdu, cloud gaming will likely meet that objective:

We'll approach this the same way we did with mobile, which is start small, be humble, be thoughtful, and then build out. But it is a step we think we should take to meet members where they are, on the devices where they consume Netflix. (Scullion, 2022)

Additionally, unlike Google Stadia that failed because the service was framed as a substitute for traditional gaming consoles, Verdu explains that cloud gaming on Netflix will not pretend to be a console replacement and, instead, will be designed in a way that compliments the existing Netflix experience:

For us, delivering games to your TV and your PC, it's value add. We're not asking you to subscribe as a console replacement, so it's a completely different business model. The hope is over time that it just becomes this very natural to play games wherever you are. (Scullion, 2022)

Assuming that cloud gaming on Netflix comes to fruition, the service will be similar to PlayStation Now, Google Stadia, or Amazon Luna, where users can play video games on their TVs without needing a video game console. And whereas Netflix is explicit about being "against doing anything outside their ecosystem" (ColdFusion, 2022), building a cloud gaming service from the

ground up would fit the company's long-lasting tradition of innovation in the media and technology sector.

V. Conclusion

Despite the undeniable leadership position Netflix has been successfully maintaining in the global video streaming industry over the past two decades, the emergence of other video-on-demand services has resulted in an overly saturated market. Besides the hefty competition from the likes of Amazon Prime, HBO Max, and Disney+, factors such as account sharing, content loss from various media channels across the US, and increase in the prices in US and Canada (Vatu, 2022) have led to the loss of nearly 1.200,000 Netflix members in 2022 (Netflix, Inc., 2023). Considering that the majority of the above-mentioned companies have already expanded their service offerings into various markets, Netflix's push into gaming represents a business growth opportunity that will help the streaming giant differentiate itself from the competition and add value to the existing Netflix experience.

The introduction of Netflix Games in November 2021 marked the culmination of a series of endeavours by the streaming provider to delve into the realm of interactive entertainment. Prior to launching Netflix Games, the company had already gained some practical experience in interactive storytelling through projects such as *Black Mirror: Bandersnatch*, *Unbreakable Kimmy Schmidt: Kimmy vs the Reverend*, *Puss in Book: Trapped in an Epic Tale*, and *You vs Wild*, which represent some of the most successful interactive specials Netflix has added to its catalogue since 2017 (Astley, 2022). Additionally, Netflix has previously entertained the idea of developing game-inspired content through television shows based on popular video games such as *Arcane* and *Cyberpunk: Edgerunners*, which could be viewed as the company's attempt to appeal to a new segment of subscribers with previous experience in gaming who would enjoy seeing this specific type of content on the Netflix platform.

Aside from creating content for members with experience in gaming, through Netflix Games, the company accounts for the general presumption that it is challenging for individuals who would not identify as gamers to enter the realm of video games for the first time (Troxell, 2022). Assuming that there is a kind of game experience for everyone regardless of whether or not a person has engaged with interactive entertainment prior to this moment and recognising the evolving demands of its global audience, Netflix approaches the new venture as an opportunity to introduce its considerable user base of 231 million members to gaming in a distinctly non-confrontational way (Troxell, 2022), while simultaneously expanding its market reach into the mobile games industry. In essence, Netflix Games is a strategic brand extension driven by the objective of offering a more

accessible gaming experience to its subscribers (Troxell, 2022). Leveraging its vast user base, global reach, and established over the years brand equity, Netflix has recognised the prospect of expansion into gaming as a lucrative avenue for growth. By diversifying its content offerings to include interactive gaming experiences, Netflix seeks to capture the attention of a wider audience and retain its position as a leading supplier of digital entertainment.

As the main objective of the present study is to provide a comprehensive understanding of Netflix's push into gaming, the answer to the proposed research question, namely, "How does Netflix employ brand extension strategies to penetrate the gaming industry and establish itself competitively in the mobile games market?", will be addressed in the following section of this chapter. Additionally, the scientific implications of the study, as well as the limitations and the possibilities for further research, will be discussed.

1. Answers to the Research Question

The strategic steps that Netflix has taken up to this point to ensure that its push into gaming will not be in vain include exploring interactive storytelling through projects such as *Bandersnatch* (2018), developing "casual games" (Juul, 2010) that account for the presumption that it is challenging for individuals without previous experience to step into the gaming world for a first time, acquiring several game developers with expertise in the field and assembling its own team of accomplished professionals, and adapting Netflix's recommendation engine that underpins the selection of movies and television shows to Netflix Games.

Known for its sense of innovation and adaptability to the evolving mediascape, Netflix recognised that interactive technology was taking over the entertainment industry. In 2017, the company introduced Interactive Storytelling to its members (Engelbrecht, 2017), which allowed the streaming giant to test the waters for developing actual games on Netflix and provided valuable insights into consumers' engagement with interactive entertainment on the platform (Troxell, 2020). Additionally, due to the broad spectrum of device coverage associated with Interactive Storytelling, every Netflix member worldwide had access to this type of content immediately after its launch (Troxell, 2021). Exploring the realm of interactive storytelling before venturing into game development is arguably the first strategic step that Netflix has taken to ensure that the company's subsequent efforts to penetrate the video game industry will not be in vain.

Netflix's approach to developing games in addition to its native content of television shows and movies is based on an ongoing gaming industry trend known as "casual gaming" that emerged

due to the swift rise of digital technologies, such as smart devices and social media platforms, in the first decade of the 21st century (Juul, 2010). Additionally, at the core of Netflix Games lies the subscription-based model that has proven successful for the streaming platform's native content. Like other gaming subscription services such as Xbox Game Pass and Amazon Prime Gaming (Gordon & Hill, 2022), Netflix Games allows subscribers to access a library of games without requiring separate purchases. By removing the barrier associated with video games' high prices, Netflix Games appeals to individuals who seek cost-effective ways to explore and enjoy a variety of titles. Moreover, the accessibility and affordability of the gaming service have the potential to attract a new segment of subscribers, i.e., "casual gamers" (Juul, 2010), who may have been hesitant to invest in traditional gaming platforms in the past. This inflow of new players can reshape the gaming landscape and prompt developers to cater to broader and more diverse audiences.

Netflix's recommendation engine for movies and television shows represents another side of the company's strategy for entering the video game industry. Based on the concept that everyone is, to one extent or another, unknowingly a gamer, introducing Netflix members without experience in gaming to Netflix Games poses its own unique challenges, as game discovery is among the primary obstacles developers encounter in the video game industry (Troxell, 2022). Netflix's solution to this problem centers around adapting the personalised recommendation system that underpins the selection of video content to Netflix Games to offer subscribers game experiences that align with their preferences based on their previous activity on the platform (Troxell, 2022). Moreover, Netflix has addressed the diverse tastes of its members by acquiring multiple gaming studios, including Night School Studio, Next Games, and Boss Fight Entertainment, ensuring that the various strengths and specialised focus areas of those developers will translate into a wide range of game options that target different members' unique likings.

The acquisition of Night School Studio, Next Games, and Boss Fight Entertainment stretches beyond the objective of creating diverse gaming experiences and foregrounds another strategic move that the company has made to ensure the success of its expansion into gaming (Mott, 2022). Instead of immediately building its own game studio, Netflix has opted to acquire smaller game developers and assemble an in-house team of experienced professionals who share the same values and vision for the future of gaming as Netflix. This approach mirrors the tactics employed by Amazon Prime Gaming, which acquired established studios to bolster its game offering (Brown, 2022). By leveraging the expertise and creativity of these studios, Netflix aims to create original and captivating gaming experiences that resonate with its audience.

Storytelling in the context of Netflix Games represents another strategic move to leverage the streaming service's long-standing tradition of telling stories through complex fictional characters with extensive background stories that keep the viewers hooked. Known as "the brand that changed storytelling" and put the beginning of a new era for television (Vogels, 2021), Netflix's original content focuses on exploring characters' inner worlds - a practice that represents the shift from plot-driven to character-driven narratives in storytelling (Vogels, 2021). Similarly, instead of pushing and pulling characters in various directions that drive the story's plot forward, Netflix Games' goal is to deliver high-quality interactive entertainment that focuses on connecting the player to the characters and the events taking place in the game on a deeper level (Troxell, 2022). Albeit unconventional for the video games medium, if properly executed, this approach to storytelling in games can transform the mobile games sector and reshape the future of casual gaming.

Lastly, Netflix's push into gaming has significant implications for the company's overall business model. While, for now, video streaming remains its core offering, the addition of supplying games to members creates opportunities for cross-promotion and synergies between Netflix's native content of TV shows and movies and Netflix Games. With the potential to leverage its vast library of original content, Netflix can explore tie-ins and crossovers between its popular shows and gaming experiences, further enhancing viewer engagement and brand loyalty. However, even though this strategy does not necessarily facilitate subscriber retention on the platform, as the tie between Netflix Games and the Netflix mobile app is still underdeveloped, exposing members to mobile games based on existing Netflix shows is not a mere intermediary meant to extend the lifecycle of the service's native content (ColdFusion, 2022). To meet its subscribers on the devices where they consume Netflix the most, i.e., on TVs and personal computers, the company is currently working toward expanding its services into cloud gaming (Scullion, 2022). Similarly to Netflix's strategy for mobile games development, the streaming giant is actively seeking to recruit top-tier professionals and industry talent from the video game industry to bring Netflix's cloud gaming venture to life.

The launch of Netflix Games marks a daring expansion for the streaming giant, as it aims to redefine the boundaries of digital entertainment. By penetrating the video game industry and introducing mobile games in addition to its existing subscription plan, Netflix seeks to keep hold of its current user base, attract a wider audience of members interested in games, and consolidate its position as a leading provider of diverse and high-quality content in the entertainment sector. While the full impact of Netflix Games on the gaming industry is yet to be seen, the company's entry into

this realm foregrounds its ability to adapt to the changes in the media environment and respond to consumers' evolving preferences for interactive entertainment in an ever-changing digital landscape.

2. Scientific Implications

The contribution of this research to the scientific field lies in shedding light on Netflix's expansion into the video game industry from a marketing point of view and in the context of the global video games market. Due to the recency of Netflix's foray into gaming, academic literature on that topic does not exist yet. And even though Netflix Games was officially launched in November 2021, the lack of advertisement Netflix is putting into Netflix Games could be the reason why the majority of the platform's user base has never heard of it. Considering that only a few people know of Netflix's gaming venture, it is inevitable that the topic remains to be further explored.

Additionally, the insights provided by Netflix employees on the subject foreground several themes based on which the strategic moves that the company has taken to expand its market reach into mobile games have been linked together in one comprehensive business strategy. Even though their accounts on Netflix Games and the trade press' reporting of the phenomenon do not mention strategic brand expansion explicitly, the main subjects of discussion allow for drawing parallels between Netflix's actions and brand extension theory. Lastly, approaching the study through production cultures and identifying the key players from both the video streaming and the video game industries involved in Netflix's gaming venture provided a detailed view of the creative and organisational dynamics surrounding Netflix Games as well as a thorough understanding of how knowledge and industry-specific practices characteristic of those fields intertwine and manifest in a single product (Herbert et al., 2020)

3. Limitations and Future Research

Aside from the findings of the analysis and their contribution to the scientific field, it is necessary to account for the limitations of this project. Since the chosen method of analysis was a thematic content analysis of secondary data, identifying and describing the significant themes that emerged from the data to provide valuable insights and understanding of the subject matter was fundamental. However, the coding system through which the data was analysed is subjective and open to interpretation, meaning that different researchers may reach different conclusions when working with the same data. As the researcher was responsible for selecting the relevant themes and

coding the data accordingly, the reliability of the findings is a subject of potential bias that can influence the interpretation of the data and lead to inaccurate results (Braun & Clarke, 2006).

Lastly, considering how new Netflix is to the video games world, it is difficult to predict what the future of gaming holds for the streaming giant. Albeit in the initial stages of its development, Netflix's expansion into cloud gaming is an interesting case study that will advance the topic revolving around Netflix's push into the world of video games.

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