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Marketing Environment Analysis: *Netflix vs Disney+ in the Global Streaming Industry*

1 Introduction

The video streaming business is a fast-evolving market that is estimated to be USD 544 billion in 2023 and is estimated to increase to over USD 1.9 trillion by 2030 (Grand View Research, 2024). This is why it is important to understand the macro-marketing environment in order to maintain a competitive advantage in the face of technological change and changing regulations. This report compares two market leaders: Netflix, the industry leader, and Disney+, a well-financed follower company released in 2019. Netflix has expanded the approach of subscription video-on-demand (SVOD) to cover nearly the whole world, which in 2024 counted 301.6 million subscribers (Netflix, 2025). By contrast, Disney+ used good intellectual property resources (e.g., Marvel, Star Wars) to attract 157 million subscribers in five years (The Walt Disney Company, 2024).

Based on the Pioneer and follower strategy theory (Shankar et al., 1998), the report is divided into two sections, namely: (1) examination of technological forces and political/legal forces, and (2) assessment of strategic responses based on Porter's Generic Strategies and Ansoff Growth Matrix.

2 Task 1: Macro-Environmental Analysis

2.1 Pioneer and Follower Overview

Figure 1 shows the subscriber growth projections of the two organisations in 2019-2024. Netflix's consistent growth was rewarded with record-breaking net additions in 2023 after the introduction of its paid password-sharing policy, and the swift initial growth of Disney+ slowed down after 2022 without additional content diversification, indicating how difficult it is to keep growing outside the core franchise fanbases (Lotz, 2022).

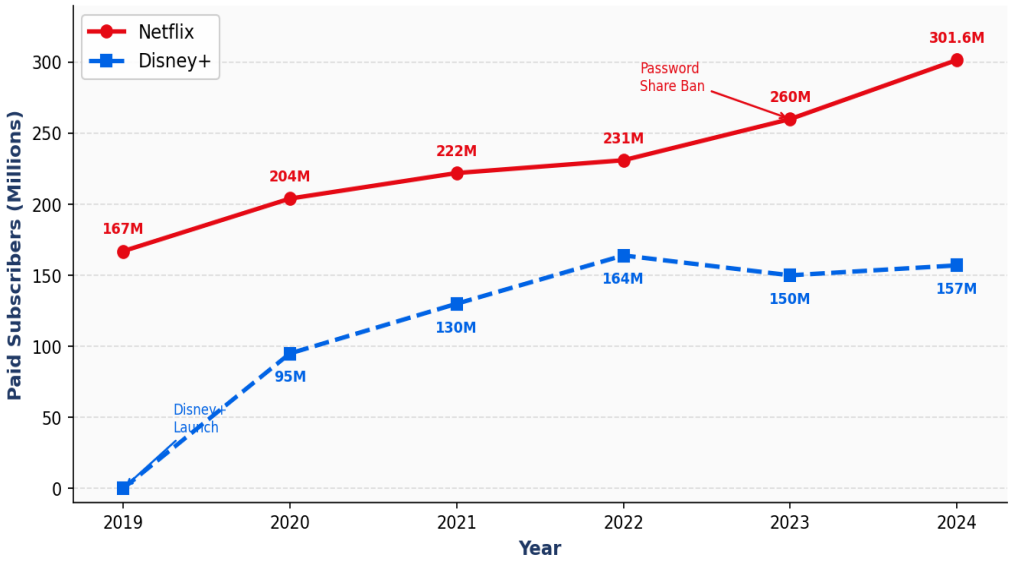

Figure 1: Global Paid Subscriber Growth, Netflix vs Disney+ (2019–2024) (Sources: Netflix Annual Reports, 2020–2025)

2.2 Macro-Environmental Factor 1: Technological Forces

2.2.1 Technological Opportunities

The technological forces are the main macro-environmental enabler of the streaming industry. According to the International Telecommunication Union (ITU, 2024), the percentage of global penetration on the internet is 68 in 2024, with a high degree of geographical difference still generating new markets to be addressed, as shown in Figure 5. Simultaneous mobile phone growth, where connections are expected to hit 7.7 billion in 2027 (GSMA, 2024), has made on-demand content consumption in the world a democratic practice.

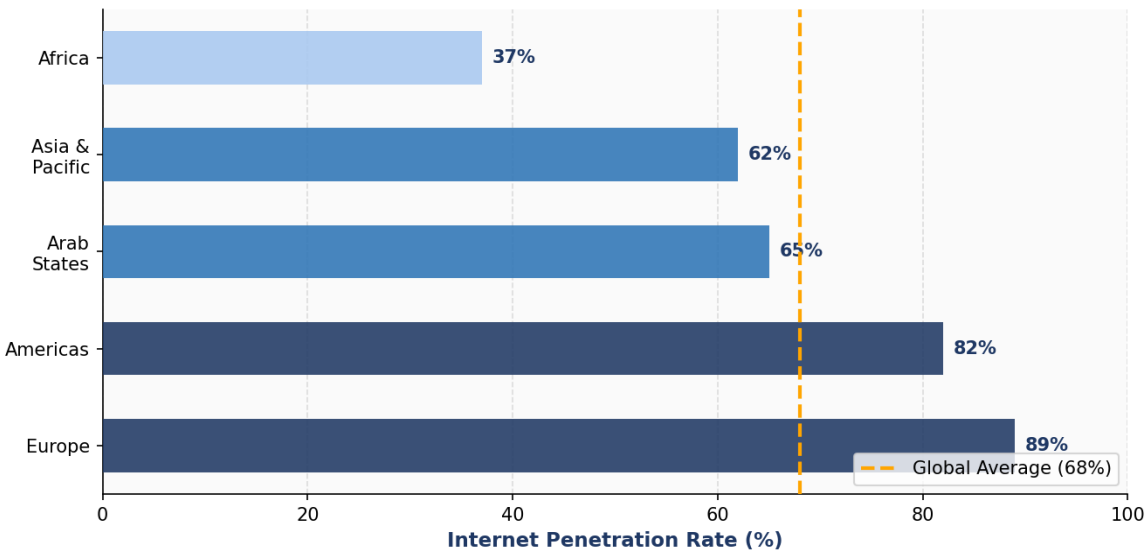

Figure 5: Global Internet Penetration by Region (2024), Key Technological Opportunity Driver (Source: International Telecommunication Union, 2024)

In the case of Netflix, AI and machine learning have developed a competitive advantage that is proprietary, as a structural barrier to imitation. It has a recommendation engine that handles more than 500 billion user activities every day, which corresponds to about 80 percent of content viewed and significantly decreased churn (Gomez-Uribe and Hunt, 2016; Ellis, K., 2019). Hallinan and Striphas (2016) can be quoted as stating that such algorithmic curation is not merely an expression of audience preferences but constitutes their development, which entails Netflix implanting itself in the daily consumer habits of its users in a manner that creates deep behavioural lock-in that can be structurally hard to replicate by its rivals. By 2016, full migration to Amazon Web Services allowed it to expand its subscriber count between 50 million and above 300 million without a proportional increase in capital expenditure (Narayan D, 2022). This strategy was further confirmed by data-driven commissioning: Squid Game has reached 1.65 billion viewing hours within the first 28 days (Netflix, 2022), which confirms the idea of algorithmic content strategy as the mark of commercial feasibility (Evens and Donders, 2018).

Disney+, as a follower of technology, capitalized on the established mature infrastructure that Netflix pioneered. The platform also saw 10 million sign-ups in the first day (Variety, 2019), and Disney Plus Hotstar used streaming with live cricket broadcasting in south and southeast Asia, and thus was able to enter the markets that Netflix had failed to penetrate (KPMG India, 2023) the advantaged of the follower of not having to pay the pioneer, the cost of trial and error (Shankar et al., 1998).

2.2.2 Technological Threats

Systemic threats are created by the same dynamism of technology. AVODs such as YouTube, Tubi, and Pluto TV offer free alternative subscriptions to paid ones, and the AVOD industry is expected to earn USD 56 billion in advertising deals by 2027 (Statista, 2024). Jenner (2018) argues that Netflix has a structural vulnerability to free substitutes due to the presence of subscription fatigue; specifically, the more competitors there are in the market, the more Netflix would be vulnerable to this type of threat. It is worsened by digital piracy: according to Sandvine (2023), BitTorrent traffic has increased by 28 percent between 2022 and 2023, as the price of SVODs is on the rise. It is especially hurtful to Disney+, whose franchise IP exclusivity, which is the main rationale of subscription charges, is ruined when pirated content is accessible on a free basis (PricewaterhouseCoopers, 2024).

2.3 Macro-Environmental Factor 2: Political and Legal Forces

2.3.1 Regulatory Opportunities

The EU Audiovisual Media Services Directive (AVMSD, 2018) mandates 30 percent European content, which presents strategic opportunities to the two platforms. Netflix capitalized on this, investing in local-language originals (e.g., Lupin, Money Heist), as well as increasing the global presence but decreasing dependency on US production (Lobato, 2019; Netflix, 2021). This is correlated with facts that domestic production ecosystems are reinforced by local investment (Aguiar and Waldfogel, 2018). Disney+ also expected regulation in its Star hub, which is not limited to families and exhibits the fast-follower advantage (Teece, 2018). Nevertheless, regulation is gradually turning into cultural sovereignty, not pure market control (Flew, 2021).

2.3.2 Regulatory Threats

GDPR constrains the data-driven approaches by prohibiting behavioural profiling, and it is proven by the case of Netflix, which received a fine of 4.75M (Dutch DPA, 2022). The global standardisation is inhibited by geopolitical risks like Russia's exit (700K subscriber loss), and censorship of content in major markets. Moreover, OECD digital taxation reforms place a higher burden on fiscal policy by redistributing profits to domestic jurisdictions (OECD, 2023). Table 1 below synthesises the macro-environmental analysis for both organisations.

Factor	Type	Netflix (Pioneer)	Disney+ (Follower)
Technological	Opportunity	AI personalisation; data-driven content; scalable cloud	Mature streaming; Hotstar integration
Technological	Threat	AVOD competition; piracy; pricing pressure	Piracy; AVOD competition
Political/Legal	Opportunity	EU quotas → global originals	Proactive EU compliance; Star hub
Political/Legal	Threat	GDPR fines; Russia exit; digital tax	Censorship; IPL loss; tax exposure

Table 1: Macro-Environmental Analysis Summary, Netflix and Disney+ (Self-made)

3 Task 2: Strategic Responses

3.1 Analytical Framework

Based on the macro-environmental analysis earlier conducted in Task 1, the section compares the strategic responses of both organisations, using Porter's Generic Strategies (1980) and the

Growth Matrix (1957) developed by Ansoff. Johnson, Whittington, and Scholes (2011) note that successful strategic management necessitates positional clarity, how competitive advantage is built, and directional intent, how growth is sought, and that the combination of the two frameworks is especially suitable in the streaming situation.

3.2 Porter's Generic Strategies

According to Porter (1980), Cost Leadership, Differentiation, and Focus are the major competitive strategies. Figure 3 charts both competitive positions of the two organisations, as well as the strategic development of Disney+ through the narrow to broad differentiation.

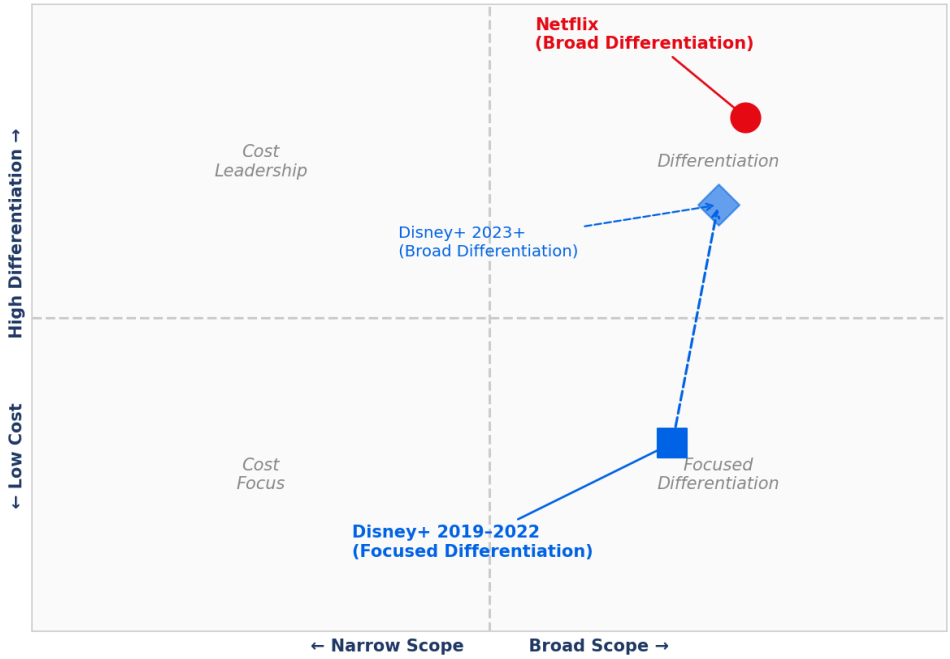

Figure 3: Porter's Generic Strategies, Competitive Positioning Map (Porter, 1980)

3.2.1 Netflix: Broad Differentiation

Netflix has undertaken a wide differentiation approach and competes in all types of demographics in the world based on the content diversity, algorithmic personalisation, and the superiority in the user experience. At the core of this positioning lies content investment: in 2024, Netflix spent USD 17 billion on original and licensed content (Netflix Annual Report, 2025), which is what keeps the company in a depth of catalogue that the competitors cannot quickly match. By investing in original content, Wayne (2018) believes that subscription platforms perform two roles: they form proprietary assets that can be charged premium prices and, at the same time, form a brand identity that makes the platform stand out from steadily

commoditised libraries of licensed content. This spending is put into perspective in Figure 2 about the total content investment by Disney.

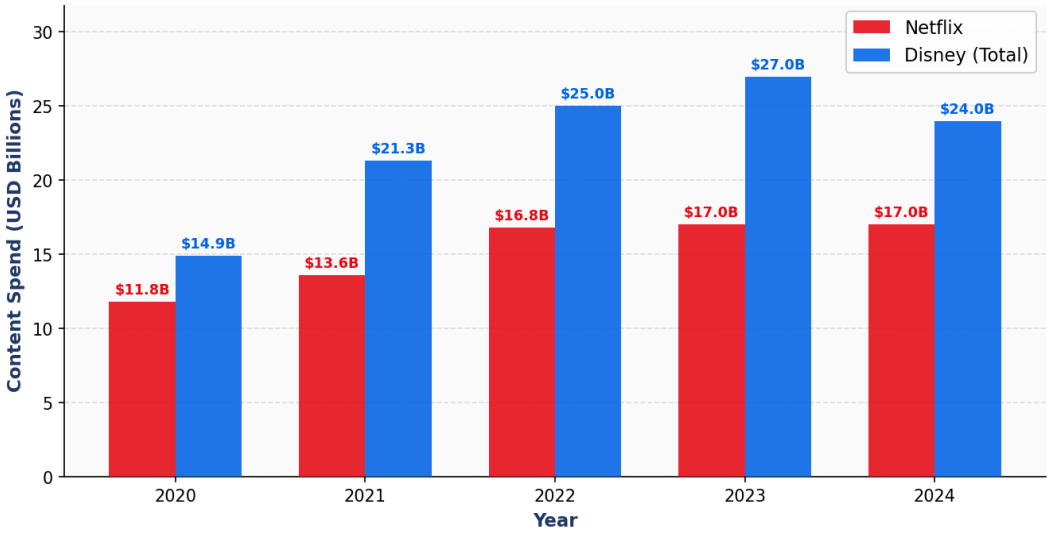

Figure 2: Annual Content Spend Comparison, Netflix vs Disney (2020–2024) (Sources: Netflix Annual Reports, 2020–2025)

To address the AVOD threat detected in Task 1, Netflix launched an advertising-supported plan in November 2022 at USD 6.99 per month, gaining more than 40 million monthly active subscribers by May 2024 (Netflix, 2024). Kim and Mauborgne (2014) refer to such level expansions as blue ocean moves that rebuild the boundary of the market to monetise the parts that were hitherto unexploited. At the same time, as a response to GDPR restrictions, Netflix made investments in privacy-respecting machine learning, such as federated learning solutions that allow personalisation in the absence of centralised retention of raw data, algorithmic differentiation under regulatory constraints (Goodfellow et al., 2016).

3.2.2 Disney+: Focus on Broad Differentiation

Disney + has first pursued a focused differentiation strategy, as the ultimate source of franchise and family entertainment, a strategy that builds on the unmatched brand equity and depth of IP of Disney, which, according to Johnson et al. (2011), is a strategic resource, creating a long-term competitive advantage. Nevertheless, with subscriber growth decelerating to 157 million by Q4 2024 (WDC, 2024), Disney progressively extended its differentiation strategy. By incorporating Hulu content into the Disney+ interface, fulfilled in the United States in March 2024, it introduced a general entertainment aspect, which changed the platform into a family-specific service, turning it into a more general SVOD competitor. This extended range of propositions was extended to 42 foreign markets as the Star brand expansion, which was partly

fuelled by the EU AVMSD opportunity identified in Task 1. This change of direction is the natural weakness of the IP-concentration strategies in markets of different consumer preferences (Elberse, 2013).

Conglomerate architecture of Disney is a structural differentiation that is not supported by Netflix. An effective Marvel franchise on Disney+ can increase theatrical collections, theme park traffic, and consumer products, all three of which Elberse (2013) refers to as blockbuster economics. As Cunningham and Craig (2019) note, this conglomerate synergy model is a radically different competitive logic than pure-play digital platforms: in which Netflix is competing based on algorithmic discovery and volume of content, and Disney is competing based on franchise depth and cross-channel amplification that cannot structurally be copied by a single streaming service. This model, however, constrains creative flexibility: the content strategy needs to safeguard the franchise brand equity to avoid the risk-taking commissioning, which supports the broad differentiation of Netflix.

3.3 Ansoff's Growth Matrix

The Growth Matrix by Ansoff (1957) has four strategic directions of growth. Figure 4 is a map of key initiatives of both organisations in the four quadrants.

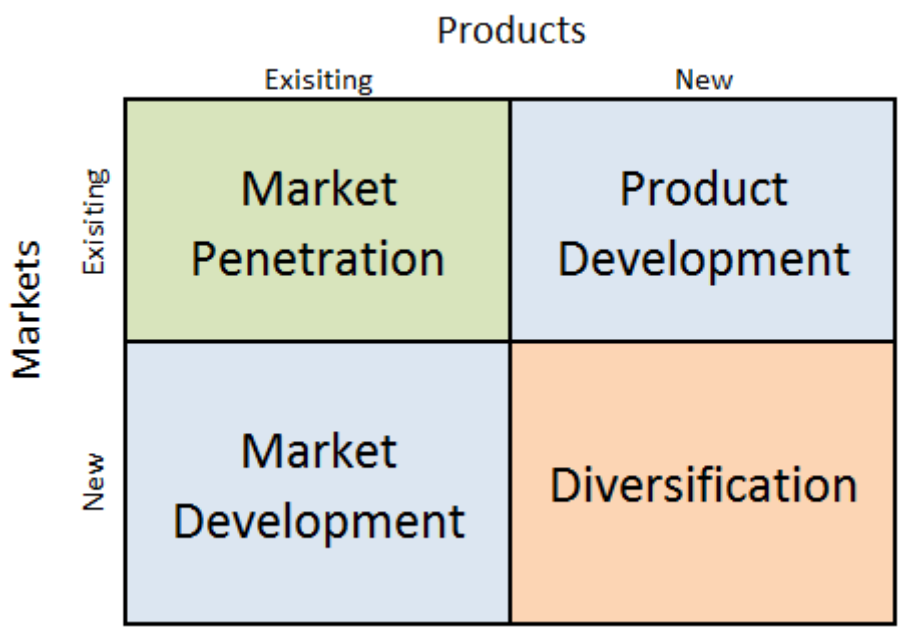

Figure 4: Ansoff's Growth Matrix, Strategic Initiatives of Netflix and Disney+ (Ansoff, 1957)

3.3.1 Market Penetration

The most commercially effective penetration effort by Netflix was the 2023 paid password sharing crackdown, which contributed 29.5 million new net subscribers in the year (Netflix,

2024). It was its best growth rate since the COVID-19 pandemic boom of 2020. In the United States, a successful combination of subscriber growth and pricing optimisation has resulted in the increase of the Average Revenue Per Membership in Q4 2022 (USD 14.89) to United States 2024 (USD 17.30) (Netflix, 2025). Disney's penetration strategy, Disney+, Hulu, and ESPN+ were sold at a joint discount rate, which became switching costs, entrenching content habits in the same relationship with the subscription, minimizing churn. As of Q4 2024, more than 40 percent of Disney+ subscribers in the US are taking bundle subscriptions (The Walt Disney Company, 2024), which confirms the commercial rationality of such a strategy (Evens and Donders, 2018).

3.3.2 Market Development

Continued growth in subscribers necessitates expansion in geography in preparation for the core markets, which are nearing saturation. Lotz (2017) characterizes television distributed by the internet as inherently global and yet entirely local in its appeal to audiences, and that platforms that do not invest in culturally proximate content will always face ceiling effects when operating abroad, no matter how good the infrastructure is. The India strategy of Netflix, a mobile-only offer at INR 149 per month, admits that price-sensitive consumers in emerging economies require a subscriber base to leverage in upselling their offer, and applies the principle of McDonald and Dunbar (2012) that in the price-heterogeneous global market, a developing market cannot be developed using just translated content. The acquisition of Star India (Hotstar) in the USD 71.3 billion 21st Century Fox deal has helped Disney to accelerate the development of its market by offering an established number of subscribers in South and Southeast Asia. Nevertheless, the loss of the IPL cricket broadcasting rights to JioCinema of Reliance Industries in 2023 caused a loss of some 12.5 million subscribers in the first to third quarter 2023 (Bloomberg, 2023), which serves as an example of the market development strategy that relies on dependence on a single type of content. As Brzeski (2021) warns, the global growth of streaming provides systemic challenges of culturally neutralising platforms and the variety of local content, a process that regulators in Asia and Europe are progressively legislating to overcome.

3.3.3 Diversification and Product Development.

The entry in live sports through the acquisition of WWE Raw live broadcast rights by Netflix, which starts in January 2025, will create entry-level appointment viewing and advertising inventory that directly responds to the AVOD threat posed by Task 1. Multiple market entries into mobile gaming, including more than 80 games at no additional charge by 2024 (Newzoo,

2024) puts Netflix in a 2.7-billion-player world vertical. The participation is low, less than one percent of the subscribers use it daily (Bloomberg Intelligence, 2023), but the strategic rationale is comparable to the Xbox Game Pass convergence model created by Microsoft. This trend was predicted by Tryon (2013), who suggested that digital delivery platforms can only grow to be more multi-content categories, and consumer demands for on-demand entertainment unified between film, television, gaming, and live events would lead to integrated subscription relationships. Disney has diversification, which is synergistic in nature: it boosts parks, merchandise, and theatrical, which are related diversification, and which Netflix, as a pure-play business, cannot do.

3.4 Critical Evaluation

The two organisations are keen on their strategic development in terms of responding to the identified macro-environmental forces. The wide range of differentiation and algorithmic features of Netflix generate sustainable competitive advantages, but the USD 20+ billion content liability in 2024 (Netflix Annual Report, 2025) limits financial flexibility and portends a strategic shift in growth platform to maturing business. IP depth and conglomerate synergy attempts have a positive impact on Disney+, but there is too much reliance on franchise content: the waning critical reception of post-2022 Marvel and Star Wars output acts as an example of the audience expectations trap described by Johnson et al. (2011): subscription value gradually disappears due to franchise fatigue. The strategic dilemma facing two organisations is that competitive advantage should be maintained by constantly adapting to the environment, as opposed to attempting to use past formulae.

4 Conclusion

This report discussed the macro marketing environment of the global streaming market concerning Netflix and Disney+ in terms of technological and political/legal. Opportunities are provided by technological innovation (AI, cloud, broadband), but also present increased threats of AVOD competition and piracy. Political/legal pressures are further complicating the situation with EU quotas providing the opportunity to localise, and GDPR, geopolitical risk, and digital tax make it more restrictive. Netflix reacts in the form of differentiation, pricing levels, and expansion policies, whereas Disney+ reacts in the form of acquisitions and conglomerate synergies. Finally, sustainable advantage relies upon the capacity of an organisation to transform the macro-environmental complexity into a strategic opportunity, instead of its pioneer status.

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