

Netflix Nations

The Geography of Digital Distribution

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Introduction

Every year in January, thousands of technology executives, geeks, and journalists make their annual pilgrimage to Las Vegas for the Consumer Electronics Show (CES). This massive four-day trade fair, one of the largest in the world, is where major brands such as Samsung and Sony show off their latest smart TVs, wearables, and other gadgets. In 2016, CES attracted over 170,000 people, including representatives from more than 3,000 technology companies. One of the keynote speakers was the CEO and cofounder of Netflix, Reed Hastings.

Hastings—joined on stage by Chief Content Officer Ted Sarandos and a number of Netflix stars—delivered the promotional spiel for Netflix’s latest user-experience improvements and its new slate of original programming, playing clips from *The Crown* and *The Get Down*. At the end of the 48-minute showcase, Hastings made a surprise announcement: Netflix, long known for its patchy availability from country to country, was now a fully global television service, unblocked and accessible (almost) everywhere. “Today,” said Hastings, “I am delighted to announce that while we have been here on stage here at CES we switched Netflix on in Azerbaijan, in Vietnam, in India, in Nigeria, in Poland, in Russia, in Saudi Arabia, in Singapore, in South Korea, in Turkey, in Indonesia, and in 130 new countries.... Today, right now, you are witnessing the birth of a global TV network.”¹ Reading from his teleprompter against a backdrop of world maps and national flags, Hastings went on to describe how this “incredible event” would make the Netflix experience available in the farthest reaches of the globe—everywhere, that is, except China (“where we hope to also be in the future”), North Korea, Syria, and

Crimea (the latter three being countries where Netflix could not legally do business because of U.S. trade sanctions). “Whether you are in Sydney or St. Petersburg, Singapore or Seoul, Santiago or Saskatoon, you now can be part of the internet TV revolution,” he promised. “No more waiting. No more watching on a schedule that’s not your own. No more frustration. Just Netflix.”



Figures I.1 and I.2. Reed Hastings on stage at the Consumer Electronics Show, January 6, 2016, at The Venetian, Las Vegas. Photos by Ethan Miller/Getty Images.

This announcement signaled a turning point for Netflix. Since the company first unveiled a streaming service for its U.S. customers in 2007, there had been speculation about when the company would offer this service to subscribers outside the United States. The rumors were confirmed when Netflix began its international rollout, first to Canada in 2010, then to Latin America in 2011, to parts of Europe in 2012 and 2013, and to Australia, New Zealand, and Japan in 2015. During this period, Netflix evolved from a national service (supplying American screen content to American audiences) into a globally focused business with greater ambitions. With the culmination of this process announced at CES, Netflix had become a global media company—available almost everywhere, with a potential foothold in almost all the major national markets.

Much of the world has embraced Netflix, and series such as *Stranger Things* and *Narcos* have amassed cult followings in many countries. Yet Netflix's metamorphosis into a global media provider has not been trouble-free. Shortly after Hastings's announcement, newspapers in a number of countries started reporting angry reactions to the Netflix global switch-on. In Kenya, the chairman of the Film Classification Board threatened to block Netflix on the grounds of its "shockingly explicit eroticism," arguing that "we cannot afford to be [a] passive recipient of foreign content that could corrupt the moral values of our children and compromise our national security" (Aglionby and Garrahan 2016). In Indonesia, access to Netflix was blocked by the state-owned telecommunications company (telco) Telekom Indonesia because of "a permit issue" and the "unfiltered" nature of its content (Gunawan 2016). In Europe, where there is a long history of cultural policy designed to keep Hollywood's power in check, regulators planned a minimum European content quota for foreign streaming platforms. Meanwhile, Australians fretted that the arrival of Netflix would "break" the internet as streamers hogged the bandwidth on the country's creaking internet infrastructure.

Stories such as these give us a sense of the diverse ways that countries have responded to the entry of Netflix into their media markets. They also show how Netflix's rise has revived some deep-

seated tensions in international media policy. These tensions stem from differing views on the part of regulators, media companies, and audiences about the nature of video and its proper modes of distribution. They also involve disagreement about *where* video services should operate, *which* territories and markets they should be able to access, and *whose* rules they should obey.

This book takes the international rollout of Netflix as the starting point for a wider investigation into the global geography of online television distribution. By geography, I mean the spatial patterns and logics that shape where and how internet-distributed television circulates and also where and how it does *not* circulate. The book is organized around two central questions: How are streaming services changing the spatial dynamics of global television distribution, and what theories and concepts do scholars need to make sense of these changes? In answering these questions—one descriptive and the other speculative—this book will move across several subfields of media and communications research, including global television studies, media industry studies, and media geography. Along the way, we also delve into the history of earlier systems for transnational television distribution (especially satellite) and consider how they raised similar questions in the past.

Understanding Internet-Distributed Television

The rise of what Amanda Lotz describes in her book *Portals* (2017a) as “internet-distributed television”—professionally produced content circulated and consumed through websites, online services, platforms, and apps, rather than through broadcast, cable, or satellite systems—is an excellent opportunity to bring together two previously disconnected strands of television scholarship. The first of these is the rich body of literature about global and transnational television, which focuses on the connections (and irreconcilable differences) between institutions, practices, textual forms, and viewing cultures around the world (Barker 1997; Parks and Kumar 2003; Straubhaar 2007; Chalaby 2005, 2009; Buonnano 2007). The second is the literature on television’s digital transformations, which explores the

recent history of television technologies and their cross-pollination with other media and internet technologies (Spigel and Olsson 2004; Bennett and Strange 2011; Murphy 2011; Lotz 2014, 2017a). The arrival of internet-distributed television requires a rethinking of the potential connection between these two fields and their underlying categories: space and technology.

It is not merely that the future of television looks rather different in different places (Turner and Tay 2009, 8), although this is certainly true. Rather, internet distribution of television content changes the fundamental logics through which television travels, introducing new mobilities and immobilities into the system, adding another layer to the existing palimpsest of broadcast, cable, and satellite distribution. Internet television does not replace legacy television in a straightforward way; instead, it adds new complexity to the existing geography of distribution.

The arrival of mature internet-distributed television services such as Netflix is significant in global media debates. Until direct-broadcast satellite systems arose in the 1980s, television signals were mostly contained within national boundaries.² Even though programming was traded internationally, television distribution did not yet have a strongly transnational dimension. Recall Raymond Williams's classic anecdote in *Television: Technology and Cultural Form* (1974) about sitting in a Miami hotel room and watching American broadcast television, with its unfamiliar and disorienting "flow," for the first time. While Williams was familiar with American television as an imported medium, its actual broadcast distribution was something he could only experience by traveling to the United States.

One can only guess what Williams would make of today's television landscape, with its dizzying array of platforms and on-demand content. Today, one no longer needs to travel overseas to access international television, for a great deal of it is easily accessible online (under certain circumstances, and with many gaps and restrictions, which we will consider later). Similarly, the circulation of content is no longer determined by broadcast and satellite signal reach. The advent of internet-distributed television

services means that it is now significantly easier for audiences in many parts of the world to view content from overseas—and even in some cases to access live channels—through browsers, apps, and set-top boxes.

This online proliferation of content is one consequence of television's digital transformation. The internet has become a distribution channel and archive for a diverse range of content, scattered unevenly across hundreds of platforms and portals. The digital mobility of content raises questions for scholars and students of media distribution, and also requires a rethinking of some of the assumptions that lie at the heart of television studies, because television content now circulates through the same infrastructure as other media, including ebooks, music, short videos, feature films, and podcasts. This has a number of significant conceptual implications for television studies that will be examined throughout this book.

Internet-Distributed Television as an Ecology

The first step in our analysis is to disaggregate the ecology of services, platforms, set-top boxes, and apps that constitute the field of internet-distributed television. Internet distribution of television content is not a unitary phenomenon; it involves a wide array of different services, institutions, and practices. Consider the way many viewers in broadband-enabled areas, especially younger audiences, watch TV: they use Google to search across sites for relevant free video streams, moving between the bits and pieces of content scattered around free video sites; they use third-party apps that filter and suggest particular programs; they follow recommendations from friends' posts on social media; they have active and lapsed subscriptions to video portals, some of which may be shared with friends and family; and they may also purchase individual episodes or season passes on their laptops and phones. In addition, some may use BitTorrent and illegal streaming sites, or share downloaded episodes and full seasons via USB sticks, cloud storage, and Bluetooth transfers. Depending on where they live and how tech-savvy they are, they may also use a VPN (virtual private network) or a proxy service

to access offshore media or get around government restrictions on digital media services.

A point that is not new but bears repeating is that an increasing proportion of the global audience now understands television as an online service dispersed across an ecology of websites, portals, and apps, as well as a broadcast and cable/satellite-distributed medium. Key elements of this distribution ecology include

- *online TV portals*, such as BBC iPlayer (United Kingdom), ABC iView (Australia), NRK TV (Norway), and Toggle (Singapore), which are provided by major broadcast networks and cable/satellite providers through websites and apps and typically include some combination of new-release content, library content, and live channel feeds;
- *subscription video-on-demand (SVOD) services*, such as Netflix, Amazon Prime Video, Hulu, HBO Now, Hayu, and CBS All Access, which offer a curated library of content for a monthly subscription fee;
- *transactional video-on-demand (TVOD) services*, such as iTunes, Google Play Store, Microsoft Films & TV, and Chili, which offer sell-through content at different price points for purchase and/or rental;
- *hybrid TVOD/SVOD/free portals*, such as YouTube, Youku, and Tencent Video, which offer free user-uploaded and professional content plus an additional tier of premium content available through subscription or direct purchase;
- *video-sharing platforms*, such as Daily Motion, which offer a range of free, ad-supported amateur and professional content, often informally uploaded;³
- *informal on-demand and download services*, including BitTorrent, Popcorn Time, file-hosting sites (cyberlockers), and illegal streaming sites;
- *unlicensed live, linear channel feeds*, delivered through pirate websites, illegal TV streaming boxes, and live streaming services such as Periscope; and
- *recommender and aggregator apps*, such as JustWatch, that advise what content is available across the various services.

This ecology is interconnected and highly dynamic, and therefore difficult to measure. To give a sense of scale, the European Audiovisual Observatory's MAVISE database of online video services currently lists 546 free streaming services, 448 transactional services, 367 subscription services (including adult sites), and 28 video-

sharing platforms.⁴ There is a lot of leakage between these categories. For example, catch-up services are becoming more and more SVOD-like, adding recommender systems and personal logins, while SVOD services are becoming more and more like conventional networks by producing their own exclusive content. Meanwhile, YouTube, Youku, and other hybrid sites tend to absorb innovations from many directions, combining advertising-funded free content, original content, live streams, user uploads, and pirated material in the one platform. To make things more complicated, there are also a wide range of gaming consoles, set-top boxes, dongles, and media players (Apple TV, Playstation, Amazon Fire stick, generic Android streamer boxes, Kodi boxes) that aggregate content from various sources, further blurring the line between distributors, aggregators, channels, and hardware providers.

Recent scholarship in media and television studies draws our attention to different parts of this ecology for different analytical purposes. For example, Stuart Cunningham and David Craig (2019) and Aymar Jean Christian (2017) emphasize the centrality of open platforms (especially YouTube) and networked sharing practices to contemporary television industries, thus advancing an expanded definition of internet television that includes social media platforms. Lotz's (2017a) category of internet-distributed television is defined more narrowly to refer to portals for professionally produced content ("the crucial intermediary services that collect, curate, and distribute television programming via internet distribution," such as CBS All Access, Netflix, and HBO Now). Catherine Johnson uses a distinct term, "online television," to refer to a larger category of "closed and editorially managed" services that distribute "actively acquired/commissioned content" (Johnson 2017, 10)—a definition that would include public-service broadcaster portals as well as commercial SVODs and AVODs, but not open video platforms. These different ways of defining internet television are all instructive because they bring into focus particular parts of the ecology. This book focuses specifically on SVOD, but it does so with the

understanding that SVOD represents only one line of development within a wider ecology.

The present instability within television distribution is remarkable, although historical precedents do exist. Recall that broadcast television evolved as a hybrid medium combining prerecorded material, live programming, movies, short-form programming, and advertisements. Early television was an empty container into which existing art forms and business models could be poured. The internet is now doing something similar for television, absorbing its existing textual forms and associated business models and putting them together in new combinations. Present distinctions between some of these categories may soon be rendered obsolete, a question addressed further in [Chapters 1 and 2](#).

While I am interested in these historical questions, my primary focus is on the international *geography* of online television distribution—the spatial patterns that determine the availability and unavailability of television content to audiences in different parts of the world. These patterns are highly complex and volatile. This book describes a number of different phenomena that may sometimes appear contradictory. For example, while internet distribution has created new forms of mobility for content and audiences, it has also served to *reduce* mobility in other cases (e.g., via geoblocking), leading to increased territorialization. The relationship between television and its intended “zone of consumption” (Perterra and Turner 2013) is variously stretched, dissolved, and reinforced. I want to emphasize that this is not the same thing as saying television is now everywhere, that it has been spatially liberated or deterritorialized, that space does not matter, or that content now circulates in a totally friction-free manner. This is not the case at all. Television is still bounded and “located” in all kinds of ways, as we will see in later chapters. The more accurate claim would be that internet distribution has introduced a new degree of complexity into the existing ecology. As a result, we are starting to see different kinds of relationships emerge between television’s fundamental spatial categories: territory, market, nation, and signal area.

Why Netflix?

Netflix is presently the major global subscription video-on-demand service. It is not, however, the first television service with global aspirations. Various transnational channels, including CNN, MTV, Al Jazeera, and CGTN,⁵ came before it, along with quasiglobal digital platforms such as YouTube. In calling this book *Netflix Nations*, then, I am not suggesting that Netflix is popular in *every* nation; my point is that Netflix, as a multinational SVOD service that spans national borders and operates in a large number of countries simultaneously, represents a particular configuration of global television that requires study and theorization.

I am also interested in Netflix for a different reason—because it draws our attention to unresolved questions about media globalization more generally. Specifically, the Netflix case provides an opportunity to test, advance, and refine our conceptual models of “global television” and to rethink what this term means in a context of digital distribution. As a company that has internationalized very quickly, Netflix’s story also tells us a lot about what happens when a digital service enters national markets, coming in over the top of existing institutions and regulations. Netflix, in other words, is a case study with larger relevance to ongoing debates in media studies about convergence, disruption, globalization, and cultural imperialism.

The early history of Netflix is well known. The company was founded in California in 1997 by a direct-sales executive (Marc Randolph) and a Stanford-educated entrepreneur (Reed Hastings). Its first offering was a mail-order DVD rental service that proved wildly popular with American movie-lovers. Netflix unveiled its own streaming service in 2007 and fought off archrival Blockbuster, which declared bankruptcy in 2010. Along the way, the company became famous for its data-driven strategy, lean management ethos, and Silicon Valley-style human resources policies, which combine new-economy working freedoms (including unlimited leave time) with extremely high performance expectations.⁶

Netflix's staged international rollout began with its most strategically important markets—Canada and Latin America. These were the low-hanging fruit for Netflix: Canada is a high-income, majority English-language market adjacent to the United States, while most of Latin America has a single regional language (Spanish), a large middle class, decent cable infrastructure, and a strong familiarity with pay-TV. Having successfully trialed its SVOD model in these territories, Netflix then expanded into key markets in Western Europe (2013–2015), Japan (2015), and Australasia (2015). In most of these countries, Netflix established partnerships with local telcos and internet service providers (ISPs), licensed locally relevant content and prepared promotional activities to coincide with the launch. Finally, the global switch-on at CES in January 2016 took care of the other lower-value or otherwise difficult global markets that had not yet been covered.

Netflix is one of the few media brands of the internet era to penetrate so deeply into households and the broader popular consciousness that it has become a verb (“let’s Netflix it,” “Netflix and chill”). It is a quintessential Silicon Valley success story, bridging two of America’s signature fascinations—home entertainment and e-commerce. But Netflix is still a media company that trades in the established film and television industries’ intellectual property, and since 2013 it has also invested heavily in its own original content. Unlike YouTube and Facebook, Netflix distributes only professionally produced content rather than user-generated content.

More than half of Netflix’s subscribers now live outside the United States, and that figure is increasing. To cater to local tastes, the company has licensed thousands of non-U.S. titles—from Indian Bollywood movies to Turkish dramas—for its increasingly diverse user base, and it has invested billions of dollars in producing its own content in 30 national markets. As Netflix continues to reach a wider international audience, the service becomes more geographically differentiated and localized. Titles appear and disappear, and catalogs shrink and expand, as the platform is accessed from different parts of the world. Languages, currencies, and library categories are all customized for each country.

Just as Netflix is changing, users are changing Netflix. The platform learns from its new global audiences, tracking tastes and viewing habits. As a result, different “cultures of Netflix,” as Ira Wagman and Luca Barra (2016) describe them, are starting to emerge—different ways of using the platform, talking about it, and watching it.⁷ These user data feed back into the company’s strategic decisions about original programming, licensing, and marketing. Netflix, then, should not be seen as a static cultural object or one that is consistent from market to market. It is constantly evolving, acquiring new layers of use and association.

This book is not a corporate history of Netflix, nor is it an insider account. Instead, it studies the debates and discourses *around* Netflix: how the service has been received by audiences, industry, and regulators in various countries. Since 2013, I have been closely following Netflix’s rollout, drawing on a range of public sources, including trade papers, technical documents, press releases, corporate filings, promotional videos and texts, online user discourse, government and third-party policy documents, and various other sources to piece together the story. I have also been fortunate to work with a number of talented, multilingual research assistants—Wilfred Wang, Ishita Tiwary, Renee Wright and Thomas Baudinette—who wrote reports on key territories (China, India, Russia, and Japan), providing vital context for the study. *Netflix Nations*, then, is a study of Netflix from the outside: a study of impacts, discourses, and debates, grounded in a tradition of critical media research. It makes no claim to get inside the black box or the boardroom.

I have written this book with several kinds of readers in mind. For students and scholars of television, it is first and foremost a book that tells a critical story about the world’s largest SVOD service and what its international rollout has meant for television distribution and media policy. At a conceptual level, the book is about the problem of media globalization and the rich history of intellectual debate around it. Finally, it is also a reflection on the state of television research in the internet age. It asks how scholars in this field might engage critically and productively with challenging new issues—such as

localization and search technologies, and internet policy and regulation.

The book is divided into seven chapters. [Chapter 1](#), “What Is Netflix?,” provides a critical survey of current debates in television studies and internet studies as they relate to digital distribution. It also discusses the ontology of new television services, tracing connections to a range of different media forms. [Chapter 2](#), “Transnational Television: From Broadcast to Broadband,” explores how debates about multinational and transnational television services have evolved over the years. Placing Netflix in a longer history of transnational television services, including broadcast and satellite channels, it explores how familiar anxieties about national sovereignty are returning in a different guise through internet distribution. [Chapter 3](#), “The Infrastructures of Streaming,” takes an infrastructural approach to understanding Netflix. Here we examine some of the platform’s underlying systems, including its Content Delivery Network (Open Connect), and related policy issues such as net neutrality. [Chapter 4](#), “Making Global Markets,” considers how Netflix has attempted to enter diverse national markets and adapt its offering to conform to local audience expectations. Case studies of Netflix’s experience in three key Asian markets—India, China, and Japan—reveal the challenges of localization and market entry. [Chapter 5](#), “Content, Catalogs, and Cultural Imperialism,” focuses on cultural policy debates relating to Netflix catalogs, especially regarding local content, and examines how regulators in the European Union (EU) and Canada are attempting to develop local content policies for over-the-top services. [Chapter 6](#), “The Proxy Wars,” tells the story of how Netflix sought to manage VPN use and geoblocking circumvention by users during the early years of its internationalization. I also consider how Netflix’s policies on copyright and piracy evolved over those years. The book concludes with some reflections on parallel models of evolution in television industries beyond SVOD, including recent developments in China, which reflect a different pattern of transformation.

As this structure suggests, my aim in this book is to use the *controversies* that have swirled around the Netflix service as a starting

point for building a theory about the relationship between global television and internet distribution. In this way, the book develops a series of arguments and analyses that position Netflix within a longer trajectory of debate, reaching back through the history of transnational television. Each chapter begins with a particular analytical problem relating to global media, such as infrastructure, cultural imperialism, or localization; considers how this problem plays out in the case of Netflix; and then finally asks what Netflix can add to our understanding of these concepts. Netflix, in this sense, becomes a resource—or perhaps a *platform*—for revisiting enduring critical debates in global media studies.

NOTES

INTRODUCTION

- 1 The video of Hastings's presentation can be viewed at www.youtube.com/watch?v=l5R3E6jsICA.
- 2 This was the rule, but there were many exceptions—witness the spillover of broadcast signals across national borders, especially in Europe (discussed in more detail in [Chapter 2](#)).
- 3 YouTube fits in this category, too, but it is more properly described now as a hybrid site offering a subscription package (YouTube Premium), free videos, and paid transactional rentals.
- 4 The MAVISE database is available at mavise.obs.coe.int.
- 5 China Global Television Network (CGTN), formerly CCTV International, is China's 24-hour English news channel.
- 6 These policies were documented in a famous slideshow (available at www.slideshare.net/reed2001/culture-1798664) that has been viewed 17 million times and is now taught in management schools.
- 7 I refer here to Wagman and Barra's Cultures of Netflix panel at the 2016 ECREA (European Communications Research and Education Association) conference.

CHAPTER 1. WHAT IS NETFLIX?

- 1 This historical progression can be studied via the company's quarterly earnings releases since 2002, available at ir.netflix.com.
- 2 Think here of how Netflix wants to compete with international pay-TV services while simultaneously insisting that it should not be regulated like a media company—a topic we return to later.

CHAPTER 2. TRANSNATIONAL TELEVISION

- 1 An example is Time Warner CEO Steve Ross's 1990 speech praising the electronic media's capacity for "free flow of ideas, products and technologies in the spirit of fair competition" (cited in Morley and Robins 1995, 11).