

Globalization and Information Research

Successful business models focused on growth are constantly looking at ways to expand their markets, seize opportunities to innovate, and find new buyers—around the corner and around the globe—who they can convert to loyal fans. An iconic brand that has re-written the book on how to build a media empire, in an amazingly short timeframe, is Netflix. This paper examines key strategies Netflix employed to become a global leader of streaming content. Another brand that has experienced phenomenal global growth is Starbucks; its expansion has not always been a smooth one, though. Both multinational corporations, however, offer important lessons for others looking to expand internationally.

Strategic Moves

According to *Harvard Business Review*, Netflix made several strategic moves that were instrumental in their phenomenal growth. First, as it grew internationally, the company was selective about the markets it entered, focusing on geography and psychologically similar markets to the U.S., such as Canada (Brennan, 2018). This enabled the company to sort of "stick a toe in the water" to learn how to navigate regulatory, language and content parameters before scaling outside North America in a big way. From there, it developed a process in the first phase of globalization that it adapted for the second and faster phase; this included identifying criteria such as affluence and broadband internet availability (Brennan, 2018).

Investing Big in Big Data and Analytics

As Netflix continued its overseas expansion, in addition to acquiring content, the company invested in big data. This investment was game-changing to take the company to a new level of growth and by the third phase of its globalization, analytics data informed everything from content preferences, marketing responsiveness, to languages, device usage,

payments and much more (Brennan, 2018). Also key to its success in the U.S., Netflix's algorithms that predict types of content users might like, based on past viewing, continued to improve as international customer usage grew (Brennan, 2018).

"Exponential Globalization"

The HBR article discusses the concept of "exponential globalization" at Netflix, which Brennan describes as "a carefully orchestrated cycle of expansion, executed at increasing speed, to a number of countries and customers" (2018).

An Example of an American Company's Expansion That Did Not Go Well

Another successful American corporation that has mostly done well, with more than 28,000 locations worldwide, is Starbucks (cnbc.com, 2020). Its expansions into China and many parts of Europe garnered success, but its first stores in Australia and in Italy were not savored by locals. According to a CNBC news video, some of the problems that Starbucks encountered Down Under stemmed from a lack of market research; the company did not understand the way Australians enjoy their coffee (2018). In July of 2000, the company opened its first location there, and by 2008 it had 87 stores across Australia (CNBC.com, 2018). However, analysts said it was too much, too fast, and catered to *American* coffee tastes more than the Gold Coast's sophisticated café culture, which the Italians had introduced to Aussies in the 1950s. Starbucks' store growth outpaced demand considerably, leading to cumulative losses of \$105 million and forcing the closure of two-thirds of its stores (CNBC.com, 2018).

In the report, CNBC mentions a few key contributors: wrong products that were often oversized and sugary; store growth was not organic, and prices were higher than local neighborhood cafés. These were significant missteps. The primary lesson learned: care enough to learn about your target customer. Specifically, who are they, how are they currently interacting

with a similar product or brand, and how can your brand fit into *their* lifestyle. It does not work to tell them, "This is what you should like because *we're* here now."

Fortunately, Starbucks changed its expansion strategy to be more customer- and culture-centric in new markets. They've since re-opened some stores in Australia, but in a more controlled, thoughtful way and providing a menu that aligns with local tastes.

REFERENCES

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