



Strategic Content Investment and Platform Growth: A Case Study of Netflix's Physical 100

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Abstract: Netflix, operating in over 190 countries, has evolved from a DVD rental service into a leading global streaming platform by consistently identifying and capitalizing on emerging market trends. In recent years, the company has expanded its investment in original Korean content, including the reality competition series *Physical: 100*. The show's global popularity, reflected in multiple renewals, underscores the growing influence of localized content in driving international audience engagement. This study evaluates the strategic value of such investments by examining whether continued funding of *Physical: 100* represents a sustainable long-term growth strategy for Netflix. Through an analysis of content strategy, audience engagement, financial performance, and brand positioning, the paper explores the role of original programming in supporting long-term expansion and competitive advantage in the streaming industry.

METHODOLOGY

To evaluate the long-term strategic value of *Physical: 100*, this study applies key business frameworks, including STEEPLE analysis, the Ansoff Matrix, SWOT analysis, financial ratio analysis, and marketing analysis. These tools are used to assess both the external environment and internal strategic positioning of Netflix's investment.

The analysis is supported by secondary research sources, including financial reports, industry publications, market analyses, and audience data. This approach enables a comprehensive evaluation of the economic and social sustainability of Netflix's content strategy.

RATIONALE BEHIND INVESTMENT

STEEPLE Analysis: Sociocultural Factors

Using STEEPLE analysis, Netflix was able to determine the profitability of Korean content by observing changes in social trends.

Sociocultural Factors

Sociocultural factors are described as culture trends in society and in this case, the consumer behavior of viewers are analyzed.

The global rise of Hallyu during the COVID-19 Pandemic significantly impacted Netflix's decision to invest in Korean content. Hallyu, the rising international interest in South Korean culture, came with the notable success of *Parasite* and *Squid Games* which allowed industry giants to realize the commercial value of Korean content.

This explosion in popularity led to a change in consumer habits of viewers around the globe. A recent online survey¹ revealed that 70.3% of respondents have favorable views of Korean content with respondents spending an average of 14 hours per month consuming Korean content. Through this data, the interest of consumers in Korean content is clear and therefore profitable, leading Netflix to invest more funds into Korean content as a growth strategy. By recognizing the global popularity of Korean culture, Netflix was able to strategically invest in Korean content to capitalize on this culture shift.

Ansoff Matrix: Diversification

Leveraging the growing trend, Netflix adopted diversification in the Ansoff Matrix as their growth strategy to maximize profit.

Diversification

By producing an original survival show, Netflix was able to introduce an innovative new product into their repertoire. Survival shows have demonstrated strong audience engagement. An online survey² involving 26,400 respondents across 28 countries disclosed that variety shows were one of the most consumed content at an average of 17 hours a month. Recognizing the trend, Netflix developed *Physical 100* to appeal to global audiences while distinguishing *Physical 100* from other Korean variety shows by incorporating unique selling points, making the show refreshing for Korean viewers.

Netflix aimed to target both international and domestic markets through the production of *Physical 100* - deviating from the conventional distribution model where Korean shows premiere domestically before international release. *Physical 100* was released in both domestic and international markets simultaneously with multilingual subtitles available at the moment of release, allowing the show to reach diverse markets at the same time. This approach capitalizes on the rising global demand as consumers of Korean content expands the target markets beyond domestic viewers.

EVIDENCE OF SUCCESS

Financial Analysis

See appendix for calculations, figures calculated from SD3.

Ratios	Before S1 (%)	After S1 (%)	Variance (%)
Gross Profit Margin (GPM)	45.30	69.90	24.60
Net Profit Margin (NPM)	1.02	27.17	26.15

Netflix's financial data suggests that the introduction of *Physical: 100* is associated with a notable improvement in profitability. The increase in gross profit margin indicates stronger revenue generation relative to production costs, while the substantial rise in net profit margin reflects improved overall operational efficiency. These trends may be partially

¹ Supporting Document 2

² Supporting Document 2

attributed to Netflix's distribution strategy, which maximizes global reach through simultaneous international release. By leveraging a single high-performing production across multiple markets, Netflix appears to enhance cost efficiency while expanding audience engagement.

MARKETING ANALYSIS: UNIQUE SELLING POINTS (USP)

Netflix successfully differentiated *Physical 100* from other similar products by leveraging unique selling points in 3 key areas: physical evidence, people, and product.

Physical Evidence

A USP of *Physical 100* is the high production quality, made possible due to Netflix's heavy investment into the show. This substantial financial investment resulted in massive industrial sets straight out of *Squid Games*. The sheer scale of the sets, unheard of for Korean variety shows, created an immersive experience for both the viewers and the contestants. The set elevated the intensity of the show by heightening the drama and tension of the competition which reinforced Netflix's brand identity as a producer of high-quality shows.

People

The diverse talent pool was a critical USP of the show, setting it apart from traditional physical shows that focused on humor and celebrities. Netflix had assembled 100 contestants from a wide range of professions, nationalities, ages, and gender to compete in a rigorous, high stakes competition. The unexpected diversity of the show had appealed to viewers as they watched contestants from different backgrounds work together to overcome challenges.

The inclusive casting also challenged mainstream perceptions of strength and beauty. As the premise of the show is to find the best physique regardless of age, gender, and nationality, *Physical 100* showcases a wide range of body types and their physical capabilities. Through these diverse contestants, the audience is able to discover multiple representations of physical and athletic excellence aside from the idealized form in society. The diversity of the cast reinforces the inclusivity of the show as contestants challenge traditional beauty standards.

Product

The show's unique concept and direction had distinguished itself from other variety shows. Traditional Korean survival shows typically use scripted storytelling, relying on drama to engage the audience. *Physical 100*, in contrast, focuses solely on physical performance, avoiding traditional formats for variety shows. The show involves a series of extreme physical challenges that's meant to test the contestants' speed, strength, endurance, and strategy. By testing various aspects of the contestants' physiques, it results in unpredictable results as the 'strong' does not always prevail, breaking stereotypes⁴ through the victory of many unexpected contestants. This unique formula differentiates the show from other

Korean content, positioning *Physical 100* to be more desirable to global audiences who are more interested in merit-based competitions.

SUSTAINABILITY OF PHYSICAL 100

Sustainability refers to the long-term viability of a practice. In this case, we will explore the economic and social sustainability of *Physical 100* by assessing the show's development from Season 1 to Season 2, and the planned expansion in Season 3.

Economic Sustainability:

See appendix for calculations, figures calculated from SD3.

Season 1

Ratios	Before S1 (%)	After S1 (%)	Variance (%)
Gross Profit Margin (GPM)	45.30	69.90	24.60
Net Profit Margin (NPM)	1.02	27.17	26.15

Season 2

Ratios	Before S2 (%)	After S2 (%)	Variance (%)
Gross Profit Margin (GPM)	66.42	88.27	21.85
Net Profit Margin (NPM)	17.67	46.86	29.19

For both Season 1 and Season 2, Netflix's GPM and NPM increased after the release of *Physical 100*, indicating sustained profitability. Although the variance in GPM of Season 2 is slightly lower than Season 1, the NPM was higher, suggesting improved cost efficiency and higher return on investment. This data points to continued audience engagement and growth. Season 2 had successfully capitalized on the momentum built by Season 1 through established viewer base and brand recognition. The sustained financial returns of the show, coming from the audience's continued interest in this content, demonstrates the show's economic sustainability.

Social Sustainability

Physical 100 garnered criticism for its approach to social sustainability. While the show promises inclusivity, the execution raised significant concerns. Through SWOT analysis, we will explore the social sustainability of the show.

SWOT Analysis of Season 2 and 3

Strengths	Weaknesses	Opportunities	Threats
Diverse Cast	Gender Representation	Expanded Casting	Biased Editing
Global Reach	Professional Bias	Inclusive Editing	Cultural Misrepresentation

The strengths of the show, its diverse cast and global reach, are unique selling points that give a platform to celebrate diverse physiques and their abilities. These strengths support the social sustainability of the show by promoting inclusivity.

However, with the wrong execution, these strengths could quickly turn into weaknesses.

The show's weaknesses are in its bias against women and certain professions. In the show, female contestants⁵ were portrayed as 'dead weight' with women treated as a last resort in team selections and were often edited out, showing the undesirability of women matches. Aside from the portrayal of women, there is also underlying discrimination against certain careers as audiences question the casting of various professions like cheerleaders and ballerinas. These contestants are usually treated as 'filler' contestants to make up numbers as their strong suits of agility and flexibility are not emphasized in the challenges. This undermines the show's premise as it reduces the show's ability to showcase a wide range of athleticism.

Netflix's opportunity comes from its decision to expand the casting for Season 3 beyond South Korea to Asia as a whole. It allows Netflix to showcase cultural diversity, promoting a more inclusive narrative. This expansion allows it to appeal to broader audiences as they see multiple nationalities being represented while reinforcing the show's commitment to inclusivity. This strategic move increases the talent pool but this change comes with various threats.

The threat in its expansion is the bad publicity that comes from the biased editing in the show. *Physical 100*, with its history, could potentially portray foreign contestants in a negative light as it had previously done with women. Given that *Physical 100* targets both domestic and international markets, biased editing should be avoided to maintain consumer trust and continue to attract international viewers. As the show expands, there's a higher chance of cultural misrepresentation which contradicts the show's inclusive objectives and its support for social sustainability.

CONCLUSION

The findings of this study suggest that continued investment in *Physical: 100* represents a strategically viable component of Netflix's long-term growth, particularly in its alignment with both economic and social sustainability objectives. Financial analysis indicates that the series has maintained consistent profitability, supported by strong global viewership and increasing brand recognition, reinforcing its value within Netflix's content portfolio.

Beyond financial performance, the show's ability to engage both domestic and international audiences highlights the effectiveness of localized content in driving global expansion. However, concerns regarding editing bias and representation suggest that, while the show contributes to social sustainability through diversity, there remain important areas for improvement.

Overall, *Physical: 100* demonstrates clear economic and strategic value; however, its long-term sustainability will depend on Netflix's ability to balance profitability with continued improvements in content integrity, inclusivity, and audience trust.

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