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Commercial Operation Strategies and Management Models of Streaming Media Platforms: A Comparative Study of Netflix and iQIYI

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Abstract. This case study compares how Netflix and iQIYI operate and manage their platforms. It investigates yearly company reports and industry figures to see what the fundamental focus of the two platforms is, and how they differ. The biggest gaps are in their market activities, core profit layout and content planning. The study also shows how decisions are influenced on a day-to-day basis by changing market conditions and competition. The two platforms went in quite different directions: Netflix based its subscription model on heavy content expenses and constant overseas growth. iQIYI created a mixed model. It pairs membership fees with ads, targeting the Chinese market. The findings explain how these patterns push platforms to rearrange their work and adapt to outside pressure. The findings uncover decision triggers in streaming and guiding other platforms to create plans for their target market. To sustain progress, platforms need to adjust their pricing and content plans to local needs, not following a shared benchmark.

Keywords: Streaming Media Platform, Business Operation Planning, Netflix, iQIYI

1. Introduction

1.1. Research background

During the last decade, digital streaming has reshaped the whole process of video content being produced, distributed, and consumed. The expectations of today cannot be met with traditional broadcasting. That is because internet and data-backed services are turning into mainstream options. Three primary causes for this shift include upgraded network condition, strong rivalry from television market and threats from large, well-funded new entrants [1]. All of these shifts put strains on content budget and split users' attention. Even facing the headwinds, these players are speeding up the move towards subscription and hybrid structures.

1.2. Research aims and significance

This study uses Netflix and iQIYI as core cases to unpack their operation logic. It first looks at how they handle content, monetize their unique features, and reach users. Then it compares where their

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overseas and domestic market strategies differ. The idea is to provide direction for other platforms grappling with mounting costs, competition and sluggish user growth. Referring to how Netflix has expanded worldwide and iQIYI's operation within its home market, the study sorts out ways to help streaming firms perform strongly.

1.3. Research methods and structure

The article sets examples for two of the streaming leaders: Netflix and iQIYI. Most of its data comes from firm financial summaries, past studies and industry reports. The case study connects various market environments with business decisions. It guides other players in the streaming sector with takeaways from the leading operators' experience. The study is separated into six chapters. Chapter 1 lays out the groundwork for the case study. Chapter 2 maps how the streaming market has shifted recently. Chapters 3 and 4 look closely at each platform. They break down Netflix's and iQIYI's operation and content plans tailored to their own markets. The two cases are then discussed and compared in Chapter 5. Chapter 6 rounds off the full study. It provides actionable recommendations for other platforms and closes with key conclusions.

2. The streaming industry landscape and platform background

2.1. Basic definition and operation of streaming services

Streaming services are on-demand platforms for video and audio clips. Viewers are no longer tied to fixed broadcast timetables or offline downloads, differing from classic television and rental services. Most platforms carry content through exclusive transport frameworks, following three core workflows: sourcing or filming content, distributing works to the audience, and turning traffic into revenue. The platforms pour large budgets into buying content rights while also filming exclusive originals. Meanwhile, they collect user data from their behaviour to feed into the recommendation algorithm [2]. To make viewers stay longer with the platform's, tailored content is pushed to them. In turn, better audience stickiness improves how well content budgets perform.

2.2. The rise of global streaming media industry

The streaming business has expanded recently. Two main reasons stand out: faster internet, and users moving towards more flexible viewing. A study on paid OTT (Over-the-Top) services in 50 countries singled out several forces that caused the rapid expansion [1]. Among these, larger broadband coverage was the key catalyst. Still, more platforms keep joining the market. For that reason, rivalry heats up; even leaders such as Netflix face mounting pressure. The flood of short video clips has split viewers' attention even more, especially among younger viewers. Many streaming operators have taken steps to adapt. They have included ad-supported tiers to reach budget-conscious users and add revenue streams. This move is in line with the industry trend. More services are running hybrid setups, blended with subscription and advertising revenues.

2.3. Recent sevelopment of American and Chinese online video markets

The US and China are the two largest streaming markets, but they operate quite differently. Each platform is affected by local market conditions and regional rules. American platforms focus on paying for original content and global expansion. But as domestic growth has slowed in some areas, businesses have looked at advertising and other means to stay profitable without overspending on

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content. Chinese sites, meanwhile, have long used hybrid models blending subscription with advertising income. This lets them serve both paying members and a larger pool of free users. One study observed that American services depend on high-end global content, while Chinese platforms prioritize local programming and multiple business lines [3, 4]. These differences show how local markets' environment and rules direct platform strategies. Both marketplaces confront similar restrictions, even with different features. That includes growing content costs and viewer habits shifts. American platforms are now pushing ad-supported plans, while Chinese sites are running their hybrid models. They have also been testing new market changes from international markets. These geographic and market-driven splits steer the routes for prominent companies such as Netflix and iQIYI.

3. Overview of Netflix and iQIYI

3.1. Netflix's key operational figures

Netflix has posted strong results in recent years. According to its 2025 10-K annual report, the company's revenue reached $45.183 billion in the 2025 fiscal year, a 16% rise from the prior year [5]. Two main drivers of its growth are higher average income per user and a steady rise in paid subscribers. The company has also shown its profit rising during the year. These results prove Netflix can still grow its revenue while handling large spending on content.

Content costs take up the largest share of Netflix's total spending. The company keeps pouring money into self-produced series and films to build up its content collection and keep subscribers over the long haul. Ongoing investment in original works also supports the brand's global scaling. In turn, Netflix could cooperate with regional creators for localized high-quality titles. These region-adapted works trigger a deeper emotional effect among audiences than generic global scripts. While content spending stayed substantial, Netflix views the heavy costs as a long-run strategy. Great budgets on content filming and production cut short-term profits. Yet finely made and tailored content to grab audiences across different overseas markets.

3.2. iQIYI's business data

iQIYI keeps increasing its budget for marketing and original content. The results in iQIYI's 2025 financial saw its ongoing user expansion and higher engagement over time. The company's IP-centric mode maximizes the value of its popular titles. Exporting IP works and licensing also trigger strong membership growth overseas. These focuses support the platform's positioning facing the tough climate in its home market.

However, iQIYI failed to reverse short-term declines despite those improvements. Its earnings statement reports full-year revenue at RMB 27.29 billion, down 7% from 2024 [6]. Both its membership and ad revenue fell over the year, pointing to two linked challenges: attracting more users to sign up, while seeing less demand from brands wanting to place ads on the site. So that is why it still sticks to its mixed approach of subscription payments plus advertising revenue to serve its paying members as well as its big free user base. Even with the revenue drop, iQIYI still kept investing in contents just at a slower pace than some of its rivals. The company's results reflect ongoing pressure on Chinese streaming platforms to find new revenue streams to offset heavy content costs to survive.

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4. Business operation mode of Netflix

4.1. Revenue structure: subscription-based profit mode

Netflix's global business runs only on subscriptions, which has kept its revenue and profits steady. It offers multiple pricing tiers, each with different video quality and stream limits. Recently, Netflix also rolled out an ad-supported plan to attract more budget-conscious viewers without losing its core subscription business. This mixed approach lets the company draw steady, recurring income from its huge global users while slowly expanding into new revenue sources [5]. This stable income backs its large and ongoing spending on content.

4.2. Core xontent styles in streaming services

To stand out from rivals, the company shifted into making original content. Rather than depending solely on licensed work, it pours resources into making exclusive series, films and documentaries spanning a range of genres and languages. This investment pays off due to its biggest drawing that retains viewers: content that cannot be found elsewhere.

Netflix leans on users' viewing habits to pick which content to make or license. Its recommendation systems pull in a large volume of data from viewing behavior – watch history, ratings, and pauses. These viewer preferences analyzed guide two tasks: picking licensed content to add to the service and creating original ones tailored to user tastes [7].

4.3. Strategies for global market expansion

By early 2016, Netflix had rolled out to over 190 countries across the globe. While Netflix has expanded to nearly all markets, it began tailoring works to local tastes [8]. Instead of sticking to one-size-fits-all content and pricing, the company keeps upgrading its operation by adapting its services to regions. It has invested in in-house works created in local languages and rooted in the local cultural context. Netflix has become more relevant in these markets by producing shows and movies that fit the regional interests, while also drawing in global audience.

Apart from localizing its content, Netflix has also tailored its rates and services to local economies. It introduced more affordable subscription plans in multiple areas to reach wider viewers and increase its brand influence. Meanwhile, it has been investing in technology and content delivery systems to deliver videos stably even with uneven network speed. These adjustments draw in more paying members though competition stays strong. Tailored local content, flexible pricing, and seamless streaming performance together powered robust performance.

5. iQIYI's core operating model

5.1. Income structure: hybrid revenue streams balancing subscription and advertising

iQIYI runs a dual-channel profit model relying on its paid membership, alongside in-platform advertisements. This model serves both paying viewers and a broader pool of free users. This setup is because of the platform's value proposition of giving various content alternatives and easy access, which binds users to the platform [9]. Premium features such as ad-free watching and exclusive works are available for VIP members, while non-paying users view advertisements. This dual strategy draws revenue from both subscription fees and ad placements. iQIYI balances content availability with monetization while staying competitive in the streaming space.

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iQIYI's profit model was broken down into several sources. Membership packages, advertisements, and content licensing make up the primary income source. As China's video industry grew into the mature stage, the platform moved from ad-only business to include subscription plans [10]. With this setup, the platform monetizes its huge viewer base through advertising, and locks in recurring income. Following a similar path with Netflix, iQIYI sets up diversified income channels to cover content spending. It retains users' attention with rich and readily available content. Paid VIP users enjoy ad-free experiences and exclusive shows, while free viewers are shown commercial breaks during streaming. This dual setup draws revenue from both subscription fees and ad slots. Running these two revenue streams, iQIYI balances content availability with monetization while staying competitive in the streaming sector.

5.2. Choices and layout of video content

iQIYI bases its content plans on PGC (professionally generated content) instead of works uploaded by users. It aims to lock in stable content quality to secure a premium brand image. By comparing mainstream Chinese streaming operators, iQIYI was marked as a typical PGC service [11]. That means the creation and filming process of dramas, variety shows and movies are handled by in-house or hired professional teams. High-quality content naturally attracts huge audience. It also curates' libraries that include licensed titles and its own generated originals to balance content variety and exclusivity.

As stated in the earlier findings, iQIYI's content arrangement is built for discovery and ease [9]. Content is categorized with complete access, and its big data analysis is used to push videos aligned with users' interests. Such targeted, accurate promotional tactics push users to subscribe and stay loyal.

Earlier works claim that iQIYI's strength comes from its strategic content layout based on unique IP development and cross-platform integration [10]. This allows cross-device and seamless viewing experiences, while creating loyalty through exclusive or early access offers. In the media field, iQIYI stands out with premium offerings and careful organization, rather than uncontrolled and unreliable works from users.

5.3. Strategies for domestic market promotion

iQIYI pushes its services mainly in China with a mix of in-platform advertisements and social media promotions, along with exclusive perks to boost retention and cut viewer acquisition costs. As pointed out, the platform uses Baidu search integration as a main channel, where it is ranked high for video-related queries. This benefit lets users transfer easily and saves marketing spend [9]. Through its cooperation with Baidu, iQIYI leverages Baidu's ecosystem to increase traffic and efficiently grow its audience base. Its big data analytics are tailored picks that convert casual browsers into registered members and eventually VIP subscribers.

iQIYI's advantages are in its careful investment planning and abilities to turn IP into usable assets, support cross-platform promotions and attract more audiences [10]. It pushes its advertisements through apps and services related to it, instead of confining its content to its main platform. Meanwhile, to maintain its dominant role in the domestic market, iQIYI keeps monetizing its popular original IPs. It first released blockbuster dramas and variety shows, then extended these works into short clips, spin-off content and joint brand collaborations. One piece of content is being stretched in a number of ways to keep the platform's viewers engaged and to boost its influence. The platform syncs watching access across its full coverage of everyday devices, and that's also its key

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strength. This multi-device layout fits the varying viewing habits of local users as it removes the device barriers.

5.4. Overview of their distinct operational focus on both platforms

Netflix and iQIYI run businesses in different ways, largely because they are in various marketplaces, serving different groups and having distinct long-term paths. Netflix mostly works with subscription-dominant models and is expanding its business worldwide. It keeps investing greatly to produce original shows and films, as well as localized works in several countries. The brand has always stayed positioned as a premium streaming service while matching its price, content setup and technology to regional demands. High-quality originals and smooth streaming also fuel their viewer growth beyond the US market.

In contrast, iQIYI focuses on mainland China with a hybrid membership-ad model balancing two streams of income. As its core audience stays within the country, the platform holds user attention through localized promotions. Most of its content is professionally made. Streaming players could turn these resources into income through targeted marketing and cross-platform partnerships. The two streaming giants take different directions in content planning and delivery. Netflix generated titles that meet worldwide tastes to lock in global fans. But iQIYI pours resources into regional filmmaking and licensing, and popular domestic IPs. While Netflix spreads out local financial risks over a wide pool of global subscribers, iQIYI does the opposite. It closely links its PGC model to local viewing preferences and domestic industry laws.

6. Advice for streaming platforms surviving in the audiovisual landscape

Streaming services are facing great financial headwind currently. Three shifts in this sector drive this burden: Content filming costs keep rising over years. User viewing habits are shifting rapidly. Social media platforms grab a growing share of users' daily screen time. To stay competitive, platforms need to balance three core goals: stable income, high user loyalty, and enough room to adapt to market changes. This study on streaming platform economies has put forward two solutions to these challenges.

6.1. Manage conflicts between diversified income and viewer loyalty

Streaming services-built edges by mixing ad-based and membership income while retaining users. Researchers studied the conflicted effect for pricing. Higher membership prices bring up total revenue yet lose new sign-ups [10]. Active user numbers and viewing time were tracked from iQIYI and its peers [12]. Membership price hikes always cause a temporary drop in subscribers. Still, platforms can create extra profit channels to offset this. This includes early access to content and pay-per-view. Platforms can adjust their service to keep audiences active and loyal in the long run.

As high-spending users fuel most revenue gains, they deserve the top priority. Content providers need to optimize tiered membership plans and cut down on popup advertisements. These small tweaks prevent chasing quick cash at the cost of user trust and help the business hold its appeal over time.

6.2. Evaluate market conditions for sustained progress

To survive in the sector, platforms first need to size up outside forces that shape how they grow and hold onto users. Broadband access, competition from television live streaming, and new leading

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players hold back streaming services' expansion [1]. Platforms that shift with these changes tend to perform more strongly. For example, they can launch services where broadband is widely available or roll out special offers to stand out. Top players utilize their strength fully to compete beyond price and marketing. They roll out solid runs of well-made series all year round. Constant releases keep viewers sticking to the service and create barriers for competitors. Strong loyalty among users also lifts its brand value in the media sector.

In addition, a community-centric ecosystem keeps viewers actively engaged and cuts the turnover of users. Interactive features (e.g., comment areas, forums) not only improve the watching experience but also evoke discussion to make users feel connected. The more committed users are, the more the platform holds onto them and receives free advertising through word-of-mouth feedback. Regular interactions with the users deepen the emotional ties to the platform and build up reputation.

7. Conclusion

This study compares the business models and strategies of Netflix and iQIYI. The two platforms went separate ways. Netflix focuses on subscriptions and global expansion. It also invested heavily in original content. As a result, its user base is growing gradually along with its profits. iQIYI built a hybrid business and stayed focused on the Chinese market with a PGC model. Despite these improvements, it suffered falling revenue over time. These results show how platforms' performance is closely tied to scale, user base and competition. Netflix gained by entering worldwide markets, while iQIYI has a more flexible income mix in its home market.

Based on the findings, streaming services should create novel features to retain viewers. They should also diversify income sources to reduce risks when one stream weakens. This is why platforms that adapt their strategy to the local conditions tend to perform better. Meanwhile, long-term success does not hinge on copying one model. It rests on responding to specific market needs.

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