

By Lucas Shaw | October 11, 2021

‘Squid Game’ Proves Netflix’s Biggest Advantage Is Foreign Language TV



If asked to summarize pop culture over the last couple weeks, I would pick six words.

“Squid Game.” “Squid Game.” “Squid Game.”

The Korean show is on pace to be the biggest hit in the history of Netflix. It is the most popular show in more than 90 countries, unprecedented for a Korean show (and really any TV show). It’s a meme on TikTok. It’s a Halloween costume. It has come up at least twice in conversation every day this week.

It will be easy to dismiss “Squid Game” as some kind of fluke or aberration, just the latest quirky

show that Netflix turned into a viral smash. Remember when “Tiger King” was all the rage for a few weeks?

But that would be a mistake. Netflix has been investing in foreign language programming [since 2015](#). It has spent more than \$1 billion on Korean programs alone. This is the first Korean show to break through on this scale, and it is [driving millions of new viewers](#) to other East Asian series like “Sweet Home” and “Alice in Borderland.”

When all is said and done, Netflix’s greatest impact on pop culture will not be allowing us to “binge watch,” or stream TV on-demand. It will be globalizing the entertainment business, creating a platform for people from more than 190 countries to watch stories from all over the world.

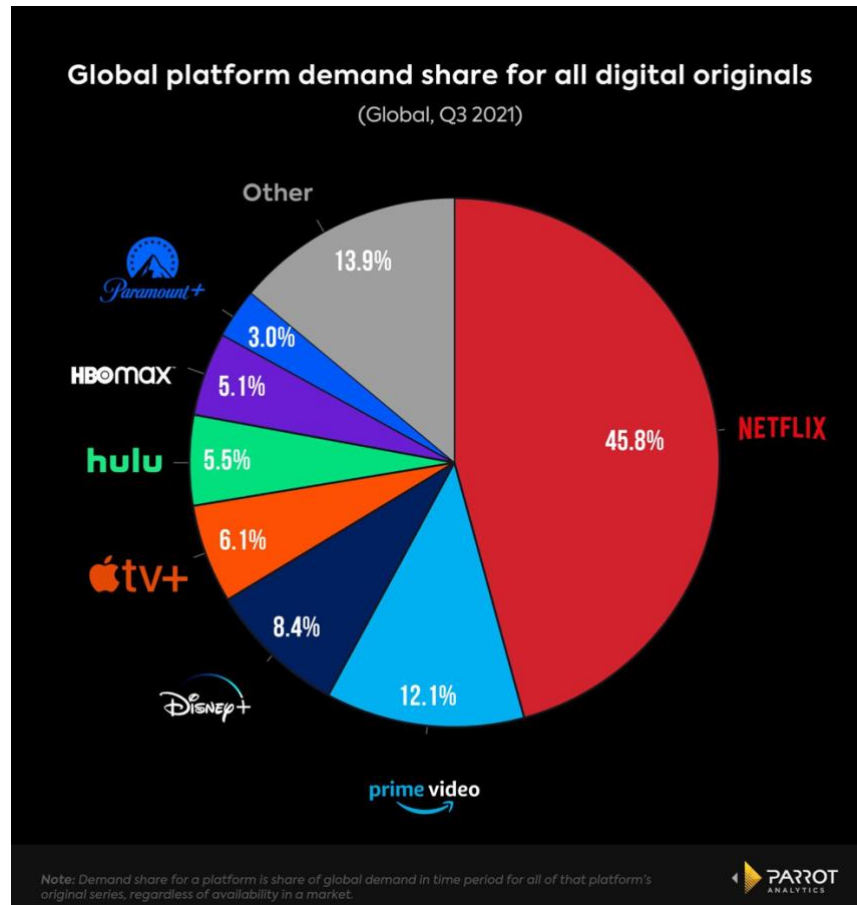
When I was growing up, I watched a handful of foreign movies a year, and maybe an anime series here or there. Few, if any, foreign language TV shows were airing on major broadcast networks. Foreign languages movies were reserved for specialty theaters.

Watching shows with subtitles or dubbing is now [quite common](#). The three most-watched shows on the most popular TV network in the world last month all hail from overseas. There’s “La Casa de Papel” from Spain, “Sex Education” from the U.K. and “Squid Game” from South Korea.

These hits couldn’t have come at a better time. Netflix recorded its weakest first half of the year since 2013, and has faced growing investor doubts about its future. Its stock was down for the year in mid-August, and its slate of shows in the third quarter had done little to inspire confidence before September.

Netflix’s share of global demand for original series hit a new low in the third quarter, per Parrot Analytics. HBO Max, Hulu, Apple TV+, Disney+ and Amazon all now account for at least 5%. Netflix is still the top dog, but its control over our attention has slipped. This chart means that

Netflix has about 46% of the original programs people want to watch on the internet. It used to have a whole lot more.



That pessimism evaporated in September thanks to Netflix’s triumph at the Emmys and its string of recent hits. The company’s stock has rebounded to record highs.

“Squid Game” popped in late September — the very end of the fiscal quarter — so it’s possible Netflix won’t reap all the benefits when the company reports financial results later this month. But whether or not Netflix beats or misses expectations in the third quarter, developing more shows like “Squid Game” is of existential importance for the company.

For all the fuss about video games and online stores, the most obvious way for Netflix to keep growing is adding customers abroad. It has still only signed up a minority of people with access

to high speed broadband, and the vast majority of its untapped customer base lives outside the U.S.

Netflix is already devoting more and more of its budget to shows in India, South Korea, Japan and Nigeria. The U.S. will get the largest share of total dollars spent, but a smaller share of new dollars spent.

While Netflix's competitive advantage in the U.S. has largely evaporated over the past couple years, its advantage abroad more significant. Few of its peers have much experience making shows abroad, nor do they have comparable infrastructure. ViacomCBS and Comcast have teamed up in Europe so they can better compete. HBO Max isn't even operating in some of the biggest European territories yet. And Apple is just getting started.

Disney remains an exception because of the global appeal of its biggest brands. But Marvel and "Star Wars" alone will not make it more popular than Netflix. The company warned its growth is slowing down in part because of [a slow start](#) in Latin America.

It took Netflix many years to solve Latin America. It had to figure out how to get people to pay and get connected to its service, but it also had to program for a local audience. It turned out Brazilians only wanted to watch so much "Breaking Bad."

It's only a matter of time before these companies take a page from Netflix's playbook. You could argue it's already happening. All of the biggest Western media companies are pumping money into productions all over the world, providing more jobs and higher pay for actors and producers all over the world. This is a profound shift.

There will be a time and place to debate the negative impact of this cultural imperialism. It's not good if Netflix, Amazon, Disney and Apple come to dominate the entertainment business in every corner of the world. But, for now, most producers are thrilled to have the opportunity to reach a global audience.

It is possible we will all forget about “Squid Game” by this time next year. But it’s inevitable that there will be a lot more of them. We’re in the early innings of the globalization of premium storytelling. First on Netflix, and soon enough, everywhere else. — Lucas Shaw