interpret

White Paper · February 2021

The Subscriber Experience: Solving OTT Aggregation in 2021 and Beyond

Commissioned by amdocs media

About the OTT Subscriber Experience Study

Amdocs Media commissioned a study of US consumers about their needs in the OTT video experience to help broadband, pay-TV, and mobile operators understand how to establish a successful position in an evolving market, and how to best leverage current consumer and market trends.

Broadband

Pay TV

Mobile

The study was performed in multiple phases in November and December 2020 by Interpret, an independent market research firm with expertise in consumer research and global video services. By focusing on the voice of the customer, the study sought to reveal opportunities for operators to serve customers of streaming services in a unique way. The phases of the study included the following:

1

Online Consumer Survey

Examine OTT video purchasing, use, and perceptions of engaged OTT consumers

2

Online Community Study

Hear about the service experience, frustrations, desires, and perceptions in consumers own words.

3

In-Depth Consumer Interviews

Understand consumer pain points, motivations, and preferred solutions in greater depth.

Study Participants

Active video subscribers (40% of US consumers)

- US consumers subscribing to multiple streaming services, and
- US consumers who have active participation with their service within the past six months, including cancellations, new subscriptions, or changes to their subscription accounts.
- The names of study participants have been changed to protect their privacy.

Video Experience Challenges and Pain Points

For companies in the TV, movie, and video marketplace, 2020 brought ample change. While many struggled in our new reality, others thrived. Today, many broadband, pay-TV, and mobile operators stand at a crossroads, trying to determine the best path forward in their OTT video strategy – a challenge to be sure. Yet, the shifts in the market present chances for companies to capitalize on new trends while the opportunity remains available.

For broadband, pay-TV, and mobile operators looking into aggregation of OTT video and other subscription services as a possible strategy, this study revealed several areas of need in the consumer experience that point to new opportunities.

Individual vs. Multi-Service Experience

Consumers are largely positive about the experience within each individual OTT video services. Yet, small feature annoyances in an individual service become significant when magnified across multiple subscriptions. Credentials for an individual service may be easy to remember but recalling IDs and passwords for multiple services is a challenge. Changing credit cards for a single service may be simple but doing so across several services becomes a hassle.

Compounding this issue are the differences in feature implementations among services. OTT video services are designed to be unique and to have their own differentiated experiences. Essentially, each is built as its own universe, and consumers are left to manage the differences.

Subscribing to a collection of services has other challenges as well:

- Consumers with multiple services find it difficult to keep up with their total spend for all services.
- Each OTT subscription has its own renewal date, making it difficult for subscribers to manage which services to keep or cancel.
- Users find it difficult to keep up with or cancel trials, a discouragement for those that enjoy exploring new services.

Study participants also claim that these pain points extend beyond video and into all types of subscription services, including music, gaming, health services, and podcasts.

Importantly, the consumers who are most invested in streaming services – who subscribe to the most services and spend the most on streaming – are those who most acutely feel the pain. They are also those most likely to seek a better solution.

*"There are **so many different accounts and passwords for each service**, it gets hard to remember them all! I've accidentally locked myself out a few times."* - **Greg, Age 45**

*"I don't like that I have to keep track of subscriptions. **It's a pain to keep up with all my monthly payments.**"* - **Asif, Age 20**

Video Experience Challenges and Pain Points

Fragmentation of Content

With high profile originals heavily promoted by global services including Netflix, Disney+, Apple TV+, and Prime Video along with those from regional services such as Hulu and HBO Max, consumers realize that they cannot feasibly pay for every service that they want. For some, this means rotating among OTT video services, which requires more active management of subscriptions.

Though consumers often recognize that services' rights to content may expire, they remain frustrated that their favorite shows may disappear with little notice. Though Netflix now provides notices for departing shows, the pain remains for many other services. Consumers are also aware of, and disappointed by, geographical restrictions, believing that subscribers should be able to access all content that services make available. Some blame exclusivity and content fragmentation among subscription services as a justification for their "need" to pirate content.

*"So many services are producing their own exclusive content--now **I feel like I really have to subscribe to 4 or 5 services** in order to make sure I don't miss out on popular shows."* - **Tom, Age 25**

*"My first wish would be to be able to look at a whole library for a streaming service before I have to sign up. **Most services only show a preview of their most top-rated programs** and you need to sign up to see whole library."* - **Cody, Age 32**

*"**I want content from them all.** Sometimes I do cancel one out and turn another on in rotation though."* - **Jessica, Age 30**

Video Experience Challenges and Pain Points

Uncertainty of Content Options

Often, consumers struggle to identify the differentiators and content available in each streaming service. This lack of visibility and transparency affects both service evaluation and content discovery.

Service evaluation

While reviews may compare top streaming services against each other, information on the tens (if not hundreds) of medium to small services is scarce. Many study participants are unaware of available services, including those serving content in their favorite genres.

Content Discovery

Fresh, original content or popular series are easily identifiable, with services promoting their highest profile and most expensive content. However, much of their content is invisible to current and potential subscribers.

This uncertainty in content is amplified for those with multiple services. Study participants mentioned several instances of frustration, such as renting movies or series only to find that they were already available via a current subscription.

Cross-service discovery remains a sizable challenge for the industry and subscribers. At present, consumers use three approaches to find content across their available service options. Inside discovery involves consumers dipping in-and-out of each OTT video service interface to find content, beginning with their favorite or most used service. For outside discovery, consumers opt for search tools outside of the video ecosystem such as Google, social media, or other tools to learn where content sits. The latest approach is aggregator discovery, where consumers turn to streaming service aggregators such as Roku, Prime Video Channels, Apple TV, Google TV or others to find content. These platforms allow consumers to search for content across the services available, revealing which service has the content and at what price. At present, most consumers are unaware of these services and that they allow cross-service discovery.

*"The frustrating thing for me is **looking through four or more different services and not finding** what I'm looking for at all."* - **Tamara, Age 28**

*"**I usually will Google to see what service the show or movie I want is on** to avoid wasting time and getting frustrated."* - **Cody, Age 32**

*"Frustration #1: **Wanting to watch a film/TV show that I've watched before on the platform and finding that it's no longer an option.** I know there are articles written about what's leaving the platform but it's annoying to have to seek out those articles to see what's not on the platform anymore."*
- **Miriam, Age 32**

Video Experience Challenges and Pain Points

Content Selection vs. Discovery

For users, choosing something to watch is a greater challenge than searching. The vast amount of content available to consumers is overwhelming, making it difficult for consumers to make a decision. In fact, the terms “overwhelming”, “difficult”, and “give up” often arose among study participants in discussions about content discovery. Users report being frustrated in choosing which show or movie to watch and spending a significant amount of time assessing options.

Consumers see personalized recommendations as helpful, but only if they are accurate and help users narrow their selections to a reasonable set. Study participants commented that recommendation engines for some services were unhelpful, promoting service-prioritized content rather than what users wanted to watch. Other search experiences, including Amazon Channels and Google TV, return results that are a mix of content included in the subscription and additional content that requires additional fees, which is frustrating for consumers seeking easier selection decisions.

“A dislike I have about having so many streaming services is ***having to go through all of them to find something to watch. It takes a long time to just look for something to watch*** *because I want to make sure I look through everything before making a decision.”* - **Mary, Age 26**

*“****It can be overwhelming*** *scrolling through all the trailers, reading all the descriptions trying to find something to watch when there are 50 movies in that category to choose from.* ***I wish there was a way to narrow down the content.****”* - **Natalia, Age 33**

*“****If it turns out to be difficult, I usually give up.*** *There’s a lot of info available when searching, and sometimes it can be overwhelming.”* - **Alena, Age 52**

Business Opportunities in OTT Aggregation

Gaps in the consumer experience present opportunities for improvement, and revenue.

Throughout the study, participants contributed ideas for a better experience. They reveal areas in which broadband, pay-TV, and mobile operators can play a valuable future role in OTT services.

An All-In-One-Place Experience

An overarching theme is unification – bringing as many aspects of streaming together as possible into one centralized experience. Many study participants repeated this theme, indicating that it would positively affect the experience and change their usage and purchasing behavior.

Presently, consumers are forced into multiple siloed experiences. They want one spot for all enabling aspects of the experience - service evaluation, purchasing and payment, content discovery and selection, credential management, trials, and account management. Some of the specific ideas proposed in the study include:

Identity/credentials

- A single sign-on across all services
- Managing different users in the household

Payments and subscription management

- Summaries for each subscription and trial, including pricing, service tier, and renewal dates
- One page to show current and previously cancelled services
- A single-click interface to activate or de-activate trials and subscriptions
- A summary of all spending, including total amount spent
- The inclusion of non-OTT video services in account management, including operator services (broadband, pay TV, and mobile)

Comparison and discovery

- One place to compare various services and their content options
- A single point for selecting content
- Options to toggle searches to only include existing subscription content

Each of these proposed features supplies the greater ease and convenience in the overall streaming experience that consumers prize.

Business Opportunities in OTT Aggregation

The perceived value of a centralized experience is in proportion to scope of unification. Study participants indicate that having a few unified features and a few services is nice, but they still must go elsewhere to find content, manage services or perform account-related functions. The more services and enabling features included, the better the experience.

Importantly, consumers say that they do not expect a unified experience to be the include-all, do-all spot for everything related to streaming, though they would prefer it.

Active video subscribers indicate that they would still see a unified experience as valuable if some leading services were not included, such as Netflix or Amazon Prime Video. The key is for enough services and features to be present that it makes the streaming experience easier. Consumers say that the existence of a unified, aggregated experience would cause them to change the way in which they interact with services, particularly if it is personalized. If the experience is good, they are open to – or even prefer – using the aggregator as a central launch point to content for all services rather than using individual service apps or websites.

*"**A centralized hub to access all of your streaming services would be amazing**. It could maybe connect to all of your streaming services (you could input your credentials for them, and it could connect) and have them in one place in order to access them. Kind of like when you use a financial app to have all your bank accounts in one app to say, see where your finances are."* - **Cassandra, Age 25**

*"**I wish there was a universal app** that allowed you to manage all your services, shows what is new to each service, and also allowed you to cancel – all in one app. It would solve so many different issues."* - **Joseph, Age 27**

*"**I would want to have an aggregate service** that could search all available streaming services for content."* - **Tom, Age 25**

*"I think **it would be smart to have a streaming hub site, where all the options are listed**. This would be the best thing, in my opinion....it just makes sense."* - **Alena, Age 52**

Business Opportunities in OTT Aggregation

New Types of Bundles

Study participants expressed interest in new types of streaming service bundles and bundling-related business models. Service providers including Verizon, Disney+, and Hulu have noted success in bundling video services with each other, with music streaming apps, or mobile services.

Several key factors affect the appeal of bundling programs. Consumers generally expect some type of benefit, such as discounting or a unified experience, in choosing to use a bundle. Without some benefit, they see little advantage over subscribing directly to the streaming service. The services available and the content within those services must be appealing. Few consumers will bundle unwanted services with popular ones just to get a discount.

Some potential bundles that appeal to consumers include:

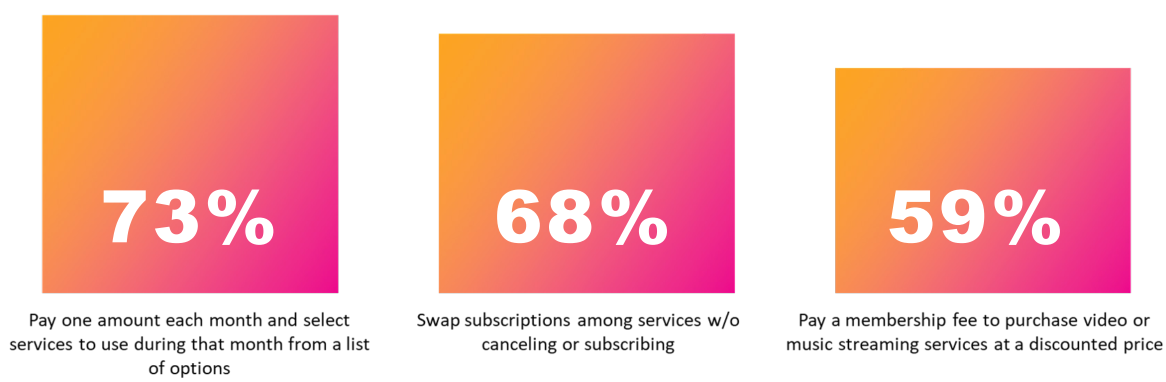
Flexible subscription packages

Consumers pay one amount each month and select OTT services for use that month from a list of available options. This type of program appeals to consumers' desire for easier budget management and simple choice. Aggregators can offer service tiers, providing an upgrade path.

Subscription memberships

Consumers pay a monthly membership fee and receive discounts for streaming services purchased through the aggregator. For consumers, the appeal of this program is highly dependent upon the amount of service discounts, the services available, and any membership services received beyond discounting.

Percent of Active Video Subscribers Interested in Advanced Subscription Bundles
Among Total, *N=310 ±5.57%*



*"Another wish that I have for video streaming services would be for **more bundled services and packages**."* - **Cassandra, Age 25**

*"If I can **pay a certain amount and be able to pick what you want** from that. That sounds amazing."* - **Aliya, Age 27**

Business Opportunities in OTT Aggregation

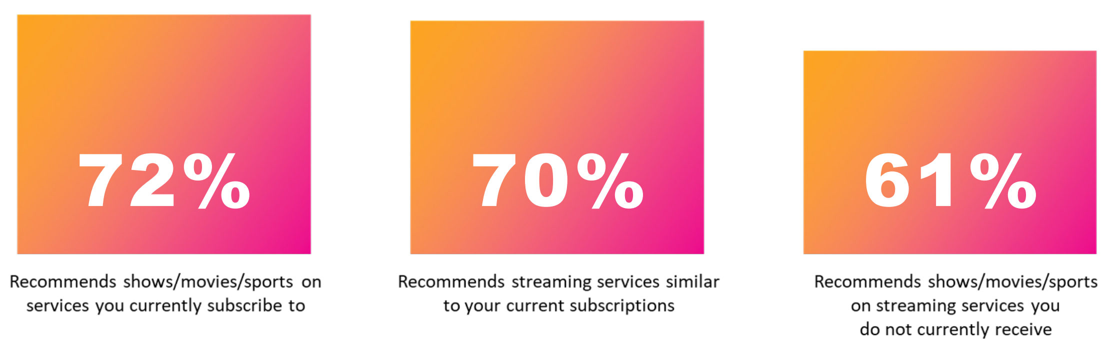
Video Service Recommendations and Reviews

Given an inability to easily find or differentiate services, consumers want a simpler way to evaluate and select OTT service subscriptions from among the options available. Examples of the content available in each service are helpful, but additional information is also useful, such as:

- Description of the genres and types of content included (particularly for niche services)
- Examples of similar services that offer comparable content
- Recommendations of services based on the user's content preferences
- Ratings, reviews, or comments from consumers about available services

While these options can be helpful for any operator offering streaming subscriptions, they are particularly useful for those providing an aggregated marketplace with a variety of service choices.

Percent of Active Video Subscribers Interested in Enhanced Recommendation Features
Among Total, *N=310 ±5.57%*



*"Option paralysis - with so many streaming services opening up, **it's becoming a bit more difficult making the choice of which one would be right for me**. A lot of them offer the same content, same price point, similar user experiences…"* - **Miriam, Age 32**

*"I look over the forums and **see what people have said lately about an app or service** to get an idea of most people are happy or are having a lot of issues."* - **Natalia, Age 33**

*"It would be helpful if there was **a tool to compare all streaming services.**"* - **Farhan, Age 31**

Operators as OTT Aggregators

The same impetus that drove pay-TV aggregation is at work in streaming services. A portion of the study explored consumer perception of aggregators, including their interest in broadband, pay-TV, and mobile operators, as aggregators of OTT video services.

OTT Aggregation is in Its Earliest Stages

Several types of companies offer a marketplace for streaming services and some of the centralized features desired by consumers. Consumers are primarily familiar with OTT service aggregation through streaming devices, such as smart TVs. Most study participants claim awareness of programs such as Prime Video Channels and Roku Channel, but were unaware of unified experience features beyond signing up for trials or subscriptions. Many are also unaware that these platforms allow search across streaming services.

Those who have explored leading streaming aggregator platforms – Roku Channels, Amazon Prime Video Channels and Apple Channels on the Apple TV app – give positive reviews. The ability to find and compare services in one place is particularly appealing, consistent with the study's findings. Many find the experience to be near-frictionless, particularly features that simplify payments and credentials. For this reason, they represent some of the top future aggregation competition for operators.

Familiarity with OTT Aggregators is Increasing

Percent of Active Video Subscribers **Unfamiliar** with OTT Subscription 'Channels'

	Subscribing Through Smart TV	11%
Roku	Roku Channels	23%
	Subscribing Through Pay-TV	24%
	Subscribing Through Broadband	24%
	Amazon Channels	29%
	Apple Channels	48%

*"I think in a way signing up through a service aggregator is **more convenient and streamlined.**"* - Natalia, Age 33

*"[With Amazon], it's not even leaving the same page and that is ideal. I use it mostly for finding content. **Pretty much everything I wanted to see has been on that first page.** So, ease of access. Type it in and it's there."* - Cassandra, Age 25

Operators as OTT Aggregators

Perception of Operators as Aggregators

Customers of Broadband, pay-TV, and mobile operators see a natural fit and potential benefits in their provider serving as an OTT aggregation platform. Their history with specific types of operators often impacts their willingness to use them as a hub for service subscriptions.

Interestingly, some study respondents claim to prefer their ISP as an aggregator over their pay-TV provider, even when they receive services from the same company. This suggests that operators have options in the best way to position aggregation services alongside their traditional service packages.

Home Internet	Pay TV	Mobile
• A broadly popular choice as an OTT aggregator, particularly among those streaming to computers, tablets, and TVs. • The combination of OTT video services and high-speed internet is seen as a natural fit. • With ISPs serving specific geographies, consumers wonder how a move may affect their ability to access streaming services. • The quality of the ISP's website affects consumers perception of what the aggregator experience will be like.	• A preferred choice for OTT aggregation among pay-TV loyalists. • Consumers see particular value in combining TV channels, pay-TV VOD, and streaming services into one experience. • Some consumers state that they would consider returning to pay-TV if they had greater flexibility in the channels and streaming services they could subscribe to. • Concerns are related to pre-conceptions about pay-TV contracts, fees, and price increases.	• A preferred choice among mobile-first consumers, and the most preferred overall. • Zero rating of video data (not charging for data used) and unified billing are seen as top benefits. • Consumers wonder if OTT subscriptions via mobile service aggregators will be accessible on TVs and other non-mobile streaming devices. ■ Opportunities ■ Challenges

"Cable and pay-TV providers would be good service aggregators because they already offer that type of service, ***being able to have all of those service in one place would be convenient****."* - **Francisco, Age 19**

"I do a lot of my streaming on my phone, ***bundling it all into one bill would make sense to me****."* - **Aliya, Age 27**

"I honestly think my internet provider would be a great service aggregator. ***I already get my cable and Internet through them;*** *I would love to bundle my streaming services through them as well."* - **Natalia, Age 33**

Amdocs Media: Managing the Overall Service Experience

Knowing about an opportunity and successfully capitalizing on an opportunity are two different things. Many can see an opportunity coming but lack the knowledge, systems, or resources to react. Amdocs wants to equip you to do just that – to be ready and able to achieve success as a centralized hub for OTT video and unified experience for consumer streaming.

To do so, we want to provide you with a better understanding of the considerations, success factors, and marketing tactics necessary to reach your goals.

Market Considerations

Deciding when and how to approach an OTT aggregation initiative requires careful strategic planning. As your company prepares for this move, consider the following competitive market factors.

01 Timing the market

While aggregation is a young space, companies are moving quickly to capitalize. As consumers begin to add multiple services to their viewing portfolio, they are only now realizing the challenges involved. Once they realize their need and adopt a solution, it will be difficult for rivals to change users' behavior.

02 Consumer comparison

Many operators are accustomed to comparing their services, pricing, promotions, and features to their direct competitors. Consumers will compare a variety of available experiences against each other, including those from mobile carriers, ISPs, pay-TV providers, or online platforms. Plan your partnering, services, and promotions in the context of all of the players in the streaming market.

03 The battle of perception

Despite the billions operators spend each year on infrastructure and innovation, broadband and pay-TV services are often stereotyped as "traditional". Offering and promoting a single point of service to try, buy, discover, access, and manage streaming services helps offset this perception, allowing customers to see your offering in new ways.

04 The danger of good enough

In the race to become the alpha aggregator of content for consumer, there won't be a second place. The benefit of a unified experience is in its one-stop nature. Consumers will be unlikely to use two or more centralized aggregation platforms, particularly if they offer similar services and features.

Amdocs Media: Managing the Overall Service Experience

Preparing the Offering

The success of your offering will depend greatly on your subscription partners and features. Your service product plans should address the following areas.

01 Degree of focus

Companies that adopt aggregation platforms as a sideline are less likely to achieve success than those that give aggregation the priority of a profit center.

02 Number of partners

The value of aggregation is in being able to find a wide variety of services there, including known players and new options. The more subscription partners and services included in your platform, the more valuable consumers will believe it to be.

03 Scope of experience

Similarly, consumers will value unified experiences that address all of the enabling experiences of streaming over those than handle just a few. So, while having unified billing and a way to compare streaming options is a good start, consumers will see greater value (and be more likely to use) services that address all of their needs, including single sign-on, easy management of accounts, service and trial tracking, and other features.

04 Partner agreements

OTT video services are typically eager to pen distribution agreements with aggregators, particularly operators given their large, dedicated customer bases. These agreements often involve a bounty per new subscriber, an ongoing revenue share, or some combination of the two. Data is also a valuable commodity that streaming services crave. Both distributor and service provider can benefit by sharing of anonymized data.

Amdocs Media: Managing the Overall Service Experience

Attracting Customers

Once you launch your unified experience, you must encourage consumers to use your aggregation hub over other existing and emerging options. As part of the OTT Subscriber Experience Study, participants indicated several items that would effectively incentivize them to choose one aggregator over another.

01 Discounting

The leading incentive mentioned, discounts provide consumers with strong motivation to change providers and purchasing habits. Even a small discount can have a sizeable effect.

02 Extended trials

Offering extended trials is also a top incentive. Study participants indicate that their interest in extended trials of OTT video stems from a lack of time to explore new services rather than a play for extra free viewing. Negotiating a few additional days of free trial viewing can be a cost-effective way to offer a differentiating feature.

03 Bundling

Bundles of two or more OTT video services are rare, and typically exist only when the same parent company owns the services involved. Aggregators can potentially combine services into a single offer, boosting the total amount paid and providing additional margin to offset any bundle discounts. Consumers are also interested in bundling other services, including music and gaming.

04 Affinity program or additional perks

Unique benefits available exclusively to aggregation customers are also motivational. Suggestions ranged from one free movie rental per month to branded show or movie merchandise.

05 Awareness / promotion

Effectively driving awareness is critical. Many services struggle simply because consumers do not know that they exist. Operators have several opportunities to cost-effectively promote a new OTT aggregation platform to existing customers.

These are just a few of the items that can help operators achieve success in their subscription aggregation initiatives. Please contact us to learn more and see a live demo.

About Amdocs

Amdocs' purpose is to enrich lives and progress society, using creativity and technology to build a better connected world. Amdocs and its 26,000 employees partner with the leading players in the communications and media industry, enabling next-generation experiences in 85 countries. Our cloud-native, open and dynamic portfolio of digital solutions, platforms and services brings greater choice, faster time to market and flexibility, to better meet the evolving needs of our customers as they drive growth, transform and take their business to the cloud. Listed on the NASDAQ Global Select Market, Amdocs had revenue of $4.2 billion in fiscal 2020.

Amdocs Media's solutions are designed to enable service providers, premium content owners and subscription merchants to build, securely process, monetize and distribute across any channel, device type or geography, content and OTT offerings for their customers, through a variety of commercial models, along with a complete set of partner, subscription and digital identity management capabilities.

For more information, visit Amdocs at www.amdocs.com.

About Interpret

Interpret is a global research and insights firm laser-focused on helping our media, entertainment and technology clients make informed, data-driven decisions. With offices in North America, Asia, and Europe, we have decades of on-the-ground experience and proven methods for qualitative, quantitative, and industry research across markets. Through our custom research and syndicated products, Interpret uses the latest tools and techniques to facilitate a thorough understanding of the consumer, trends, and the evolution of entertainment. Our deep understanding of the business of gaming and video entertainment provides clients with actionable findings that help them drive growth.

For more information, visit Interpret at www.interpret.la.

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