

NO CHILL: A Deep Dive into the Commercial Watching Habits on OTT Platforms

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ABSTRACT

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With people confined to their homes during the pandemic, their social lives have moved online and entertainment consumption has risen notably within the at-home segments of television and over-the-top (OTT). We conducted a survey which examined the various subscription trends of Indian consumers on OTT platforms. Recently, OTT platforms have started using bundled services and they have also been trying to penetrate the Tier II and Tier III market by focusing on regional content in order to increase their customer base. This shows that OTT platforms are evolving according to the changing needs of their customers. With an increase in OTT advertising, we examine the various reasons due to which people get frustrated watching ads on OTT. This paper also puts forth the idea of having a consumer watch advertisement in order to get free subscriptions instead of paying for it. Thus, similar ideas can be implemented in order to attain mutual benefits for all the parties involved.

Keywords: OTT platforms, subscriptions, consumer

I. Introduction

The entertainment industry in India has gone through a drastic change in the past few decades. Previously, the most widely used medium for consumption of movies and other audio and video content has been theatres and television. As technology developed, we moved from the era of theatres and television to the era of DVDs and disgruntled services, then to the era of DTH services. Recently, streaming or Video on Demand (VoD) services have made the movie or TV watching more convenient. VoD refers to streaming of video content over the internet, through applications typically referred as OTT. OTT stands for “over-the-top” and refers to the productized apply of streaming content to customers directly over the net. It represents the future of entertainment which is already unfolding in front of our eyes. The increasing popularity of OTT Platforms is no more a secret. Viewers can access video content through OTT apps in any Internet-connected device like a Smartphone, smart TV, tablet, desktop, computer, laptop, etc. Covid-19 led to a situation like a house lockup initially which further led to boosted media consumption. While Hotstar, Netflix and Amazon Prime have become established names in the

industry, we also have relatively new competitors such as AppleTV+, Flipkart Videos, MX videos, Voot and many others trying to establish their own dominance in this industry. The rapid speed of change in the industry makes it necessary for the platforms to evolve continuously.

II. Objectives

1. To explore various ways consumers, particularly, the price-sensitive ones would like to get access to OTT content.
2. To understand how OTT platforms are adapting to the changing needs to the diverse target audience.
3. To understand how brands could effortlessly place advertisements on OTT without hampering viewing experience.

III. Hypotheses

- H1: Consumer use multiple OTT Platforms as source of media consumption
- H2: Consumers prefer to watch advertisement for getting access to OTT subscription
- H3: High frequency of advertisements annoy consumer on OTT platform

IV. Literature Review

IV.A. Bundling of OTT services to increase customer base.

In this day and age, the business of OTT platforms is one of the most profitable to sink your teeth into. Number of streaming services are increasing day by day with each platform providing their own exclusive content and subscription plans. Being price-sensitive, Indian audience look to get the best of services at the lowest price possible. Thus, many streaming services like Amazon, Netflix, and Zee5 etc. have realized the importance of bundled services. (Kapoor, 2020). Around 45 percent of those polled said bundled media caused them to either spend more on their carrier plan or stay loyal to their carrier - or both. If offered a price discount or a longer free trial period, 27% said they would switch networks in search of one of their desired paid media services. (OVUM, 2019). Thus, bundled services are gaining momentum, rapidly yielding mutual benefit for all the parties involved. The collaboration between Reliance Jio and Zee5 is considered as one of the most successful bundled services. Due to this partnership, Reliance Jio is again expected to become the most successful telecom network. Looking at the trend, Vodafone Idea did not want to be left behind in the race either. (Kapoor 2020).

It can be concluded that both everyone wins in when a partnership is done between OTT channels and other service providers such as telecom companies. The service providers get more access to subscription data and user experience data, as well as valuable insights that can help them fuel engagement strategies, improve user experience, and build long-term customer loyalty. On the other hand, OTT platforms get access to a large market footprint from the service providers. By partnering with operators who have already established a presence in multiple markets, OTTs can reach a larger audience and increase brand visibility. It also exposes hard-core service provider customers to OTT content that they might not have considered otherwise. (Zeifman, 2020). Thus, according to such research studies, if telecom operators can successfully secure partnerships with multiple OTT media partners and deliver creative and cheap offers, such bundled services can yield very good benefits for them and can increase customer lifecycle in the future. (Kapoor 2020).

IV.B. OTT gaining momentum in Indian market.

The presence of Indian subscribers on over-the-top (OTT) platforms is growing day by day, thanks to improved networks, better internet access and multimedia service-capable mobiles. Between March and July 2020, the number of subscribers in India's OTT sector increased by 30%, from 22.2 million to 29.0 million. It has witnessed a significant rise in number of new subscribers from tier I and tier II cities. Overall, the top five metro cities accounted for 46% of the total OTT video platform users. A study revealed that about 90% of the consumers prefer watching video content in regional languages, and only 7% of the total time spent on OTT platforms in India is on English content. Another survey stated that the Indian OTT market is expected to cross Rs 237.86 billion (US\$3.22 billion) by FY25, up from Rs 42.50 billion (US\$576.73 million) in FY19. (IBEF, 2020).

With OTT penetrating into Tier II and Tier III market, there is a need to customize the services as well as the content as per the requirement of this niche. The segment is highly price-sensitive and quite mainstream when it comes to watching movies or other such content. (IBEF, 2020). ALTBalaji has been collaborating with companies on bundled offerings, a model that attracts consumers from tier II and tier III areas. According to Eros Digital, nearly 59 percent of its users are between the ages of 25 and 39 and come from tier II and III cities. (Hariharan, 2019) Regional language content will attract consumers from this segment. KPMG indicated that the cost of creating regional content is lower than the mainstream Hindi or English content by 30-40%. (Hariharan, 2019)

Advertising video on demand (AVOD), subscription video on demand (SVOD), and freemium and transactional video on demand (TVOD) make up the OTT market. The market is still heavily focused on the ad-based model (AVOD), which relies on advertising to generate revenue; however, the subscription-based market (SVOD) continues to expand rapidly. As part of their strategic initiatives to boost subscription rates and ensure that customers can watch their preferred shows at an affordable cost, major SVOD players are introducing pack durations and sachet pricing. This move can aid OTT platforms in gaining acceptance among India's price-sensitive consumers. (IBEF, 2020).

IV.C. Factors that show Advertisements growth in OTT advertising

The OTT industry is evolving at such a rapid pace that if you were to take a seven day vacation, the landscape would have changed while you were gone. (Strategus, 2019). We are already seeing OTT continually grow in popularity, with new features, innovations, and opportunities. Thus, with the growth of the OTT audience, there has been a corresponding rise in creativity and innovation in OTT advertising. OTT ad spending was expected to reach \$40 billion by 2020, accounting for nearly half of the \$85 billion in total TV ad sales forecasted. (Hemdev, 2018).

The growth of OTT ad spend is heavily influenced by changing customer habits. Cord cutting (getting rid of cable services) is a significant trend that includes many audiences who are both young and wealthy, a mix that advertisers find appealing. Unlike on the browsers, ads on OTT videos tend to be showed in a full-screen mode and usually do not have an option to be minimized or skipped. This is an advantage for the advertisers as it leads to more engagement with the ads. (Hemdev, 2018). It's also crucial to understand if an advertisement works. Advertisers should be able to see how many households saw an OTT ad and whether they went to the advertiser's website, social media, or another online channel after seeing it. (Strategus, 2019). Ad space on OTT can be purchased to match the lifestyle traits of the consumers and stay connected with the demographic of its audience. Various types of data about a user can be gathered such as which content a viewer likes to watch, the amount of time they spend watching the content and the time they watch it. This data helps advertisers in targeting audiences. (Hemdev, 2018).

Currently, YouTube and Facebook are the leaders in the field of targeted advertising in India but OTT platforms definitely have the potential to achieve the same. Brand safety is a benefit that OTT platforms have over Facebook and Google because the content that goes on them has already been reviewed and approved. (Nayar, 2018).

With the decline in watching traditional TV, the cost of television ad spots has increased. Hence, OTT ads are more cost-effective, with a more manageable ad spend, and it's often easier to monitor relevant data.

(Sietsma, 2021).

IV.D. Effortless placement of Ads on OTT

With OTT media service market in India on the rise, there are innumerable opportunities for growth and simultaneous revenue generation. Advertisers can grow their audience at previously unheard-of rates due to OTT. According to adweek.com, spending on OTT online ads is expected to increase by 45-60% in the next few years. It's never been a better time to enter the OTT industry and capture return on investment (Kang, 2021). While brands and advertisers do take advantage of the platform's advertising potential, one cannot overlook the fact that, unlike conventional television, advertising inventory on video OTT platforms is becoming infinite as more content is produced. OTT is designed for personal viewing, and it necessitates taking time away from one's busy schedule to consume content. With this in mind, every brand or platform must prioritise user experience. (Nagar, 2019)

Users have become intolerant to advertisements as various brands display a plethora of ads on OTT. To make their own viewing experience as smooth as possible, viewers choose to skip and close commercials regardless of the brand. Longer advertisements with irrelevant content make them more impatient to ads. In such a situation, OTT players must ensure that their message, as well as that of the brand/advertiser, reaches the right customer at the right time while remaining non-disruptive. Having access to extensive data on their audiences, including age, gender, interests, and hobbies OTT media can target the advertising to the demographics most likely to be interested in product or service making it relevant to the viewers. (Collings, 2019).

Particularly, with AVOD platform, brands need to integrate with the content seamlessly. For example, in TVF's Tripling, the car plays an important role in the plot. The brand has integrated the product into the storyline seamlessly to increase engagement by recognizing the right platform with the content which is similar to their brand value. The thumb rule includes both passive and active integration in the same half-hour slot. Otherwise, the brand call out would be too literal, degrading the user experience. Because of the smooth integration, the viewer remains engrossed in the storey rather than being distracted by the shown product's brand values. (Nagar, 2019).

V. Research Methodology:

We conducted a survey with around 160 people mostly between the ages of 21-25. A majority of the respondents whose survey we conducted are students. The aim was to understand their behaviour when it comes to using various OTT platforms as well as how they respond when it comes watching advertisements on OTT platforms. We also wanted to know if given an option, anyone would like to watch advertisements in order to get free OTT subscriptions. To address the above objectives, we used both quantitative methods and combination of primary (survey) and secondary sources (websites, research papers and newspaper articles)

Some of the questions we asked in the survey were as follows:

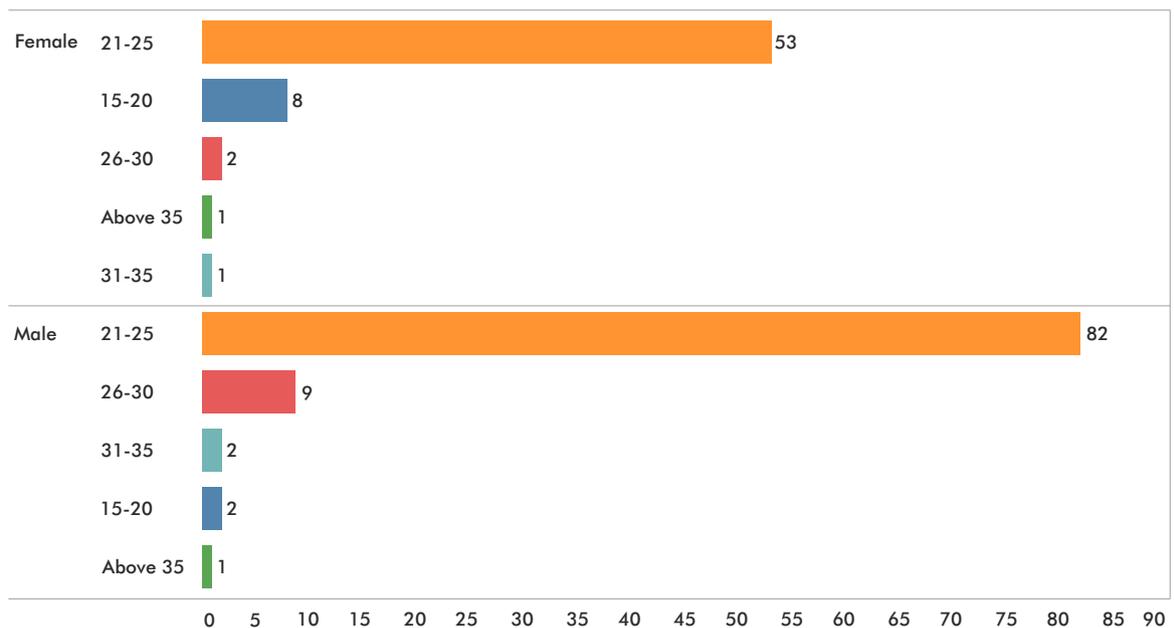
1. How do you access OTT?
2. Which of the following OTT platforms have you subscribed for?
3. How often do you renew your OTT subscriptions?
4. If you do not have an OTT subscription, rank the other ways you access OTT content.
5. Would you prefer watching ads over paying for subscriptions of OTT platforms?
6. Have you ever used a platform where you have watched ads to get free content?
7. What is the main reason you get frustrated to watch ads on an OTT platform?

VI. Findings

Diagram 1: Demographics

Following is the analysis of the survey we conducted:

Diagram 1: Demographics



The above diagram shows us that the majority of the people whose survey we conducted ranged between the age group of 21-25. The research is an

example of clustered sampling. Also, 59.4% of the respondents were male and remaining 40.6% of the respondents were female.

Table 1: How often do respondent use OTT platforms

How often do you use OTT platforms?	Responses
Do not use OTT platforms at all	6
Everyday	58
More than twice a week	37
Once in a month	27
Once in a week	33
Total	161

Table 1 shows how often do the respondents use OTT platforms. We gathered that 36.02% of the respondents use OTT platforms on a daily basis. Only

3.72% of the respondents claim that they do not use OTT platforms at all.

Table 2: How do respondents access OTT platforms

How do you access OTT?	Responses
Borrow account credentials from someone else	10
Have my own subscription.	61
Proxy website	1
Purchase subscription for a short time	1
Share an account with my friends/family/etc.	88
Total	161

Table 2 shows various ways through which people access OTT content. 92.55% of the people who participated in the survey either have their own subscription or share an account with their friends or

family. The remaining of them either use ways such as proxy websites, password-sharing or only getting subscriptions for a short time in order to access OTT content.

Table 3: Respondents time spend of OTT platform at stretch

How much time do you spend on OTTs at a stretch?	Responses
2-3 hours	84
4-6 hours	19
An hour	55
More than 6 hours	55
Total	161

Table 3 shows the amount of time the respondents spend on OTTs at a stretch. 52.17% of the respondents say that they spend 2-3 hours at a stretch on OTT. Only

1.86% of the people claim to spend more than 6 hours on OTT platforms.

Table 4: Preference of OTT Platforms

Rank the OTT channels according to your preference	Netflix	Amazon Prime	Hotstar	Sony Liv	Zee 5	Miss Values	Total
Rank 1	↑ 101	↓ 36	↓ 10	↓ 5	↓ 9	0	161
Rank 2	↓ 25	↑ 77	↓ 37	↓ 14	↓ 8	0	161
Rank 3	↓ 20	↓ 31	↑ 91	↓ 14	↓ 5	0	161
Rank 4	↓ 6	↓ 10	↓ 19	↑ 99	↓ 26	0	161
Rank 5	↓ 9	↓ 7	↓ 14	↓ 27	↑ 111	0	161
Miss Values	0	0	0	2	2		
Total	161	161	161	161	161		805

We asked people to rank the OTT channels according to their preference and gave them the following options to choose from: Netflix, Amazon

Prime, Hotstar, Sony Liv and Zee5. Table 4 shows that Netflix is the most preferred OTT channel followed by Amazon Prime with least preference for Zee5.

Table 5: Often renew once OTT subscription

How often do you renew your OTT subscriptions?	Response	Percentage
I never pay for OTT platforms	29	18.01%
Only renew it when I get an offer/discount	12	7.45%
Only when I want to watch something specific	50	31.06%
Renew it monthly/annually anyway	70	43.48%
Total	161	100%

Table 5 shows how often the respondents renew their OTT subscriptions. About 43.48% of the respondents renew their OTT subscription either monthly or annually regardless of whether or not they want to watch any specific content. Here, 25.46% of

the respondents say that they either do not pay for OTT platforms or only renew it when they are offered an offer or discount. This suggests that 1/4th of the respondents might be open to trying other ways to get free OTT subscriptions.

Diagram 2: OTT platform subscribed by the respondents.



To prove our hypothesis (H1), the people who participated in the survey were asked to choose all the OTT platforms that they have subscribed for. Respondents claimed to have subscribed to multiple

OTT channels. Survey indicated that Netflix has the highest no. of subscribers i.e. 76.40% of the total respondents. Thus, our null hypothesis has been rejected.

Table 6: Feature liked the most on OTT platforms

What is your most liked feature of OTT?	Response	Percentage
Availability of the desired content at all times	77	47.82%
Lesser number of ads compared to cable service	26	16.14%
N/A	1	0.62%
Option to fast forward	1	0.62%
Various genres to choose from	50	31.08%
Missing Values	6	3.72%
Total	161	100%

Table 6 shows the most liked feature of OTT according to the participants of the survey. Here, we found out that the availability of desired content at all

times on OTT is the most liked feature followed by the ample of genre options to choose from.

Table 7: Reason why OTT subscription was not bought by users (If any)

If you do not have an OTT subscription, rank the other ways you access OTT content? Response	Borrowing someone's account for free	Through links on Telegram and other apps	Torrent and similar websites	Wait for it to come on television	Through third party promotional offers (e.g. Telecom operators)
1-Least Likely	72	35	36	10	8
2-Not Likely	31	59	43	20	8
3-Neutral	30	30	42	36	23
4-Likely	9	22	25	58	47
5-Most Likely	19	15	15	37	75

Here, we asked the people to rank other ways they access OTT content if they do not have an OTT subscription. Table 7 indicates that people are most likely to use third party promotional offers to get access to OTT content if they don't have their own

subscription. They would be more likely to borrow someone else's account or download through links on telegram or torrent rather than wait for it to premier on television.

Table 8: Watching ad on OTT platform

On a scale of 1-5, please answer the questions below (1- least likely, Most)	Q1. How likely are you to watch ads in order to get free subscriptions?	Q.2 Have you ever used a platform where you have a watched ads to get free content?	Q.3 How likely are you to get frustrated by seeing ads on OTT platforms?	Q.4 How likely are you to watch an ad if it is relevant to you?	Q.5 Would you be willing to watch an ad if it has a very short duration?
1-Least Likely	35	34	13	24	34
2-Not Likely	34	27	21	30	30
3-Neutral	41	26	28	51	39
4-Likely	21	37	34	30	26
5-Most Likely	27	34	62	22	29

We asked the respondents to answer a few questions regarding advertisements on OTT platforms on the 5 point Likert-scale. Table 8 shows that almost 39% of the respondents get frustrated by

watching ads while watching OTT. 63.97% of the respondents would be fine with watching ads if they are relevant to them.

Table 9: Money paid on YouTube platform

Have you ever paid money to watch movies on YouTube	Response	Percentage
1-Never	149	92.55%
2-Rarely	7	4.35%
3-Sometimes	2	1.24%
4-Frequently	0	0
5-Very Frequently	3	1.86%
Total	161	100.00%

Table 9 shows how many of the respondents have ever paid any money to buy and watch movies on YouTube. Survey shows that almost 8% of the

respondents have, at one point of their life, paid to watch content on YouTube. These people could be the potential target audience for the OTT platforms.

Table 10: Watching ad over paying for subscription of OTT Platform

Would you prefer watching ads over paying for subscriptions of OTT platforms	Response	Percentage
1-Least Likely	58	36.00%
2-Not Likely	29	18.00%
3-Neutral	38	23.60%
4-Likely	17	10.60%
5-Most Likely	19	11.80%
Total	161	100.00%

To prove our hypothesis (H2), we asked the people if they would prefer watching ads over paying for the subscriptions of their OTT platforms. 22.4% of the respondents claimed that they would rather prefer watching ads to get free subscription than paying for

the same. 23.60% were neutral about this idea. Thus, these respondents could be potential targets for the idea we suggested above. Thus, our null hypothesis is accepted.

Table 11: Reasons for Frustration to watch ad on OTT Platform

What is the main reason you get frustrated to watch ads on an OTT platform?	Response	Percentage
Frequency of the ads	84	52.17%
Lengthy ads	51	31.70%
Irrelevant content	24	14.90%
Other	2	1.23%
Total	161	100.00%

For the hypothesis (H3), participants were asked the main reason they get frustrated to watch ads on OTT platforms. Table 11 shows that a majority

(52.17%) of the respondents claim the frequency of the ads to be the main reason. Thus, the null hypothesis has been rejected.

Table 12: Method to prefer to get free OTT subscription

Rank the following methods of getting a free OTT subscription according to your preference.	Product/Service + OTT subscription together at a discounted price	Free subscriptions with clothes/ internet services/electronics	Get free subscription by watching ads
1st	78	40	43
2nd	48	87	26
3rd	35	34	92

For our hypothesis (H2), we asked the respondents to rank the methods they might prefer for getting a free subscription. Most people said that would go for bundled services which would include any product/service along with an OTT subscription at a discounted price. Only 26.71% of the people surveyed said that they would be open to getting free subscriptions by watching ads. Thus, our null hypothesis has been accepted.

VII. Conclusion

Indian OTT industry is on the verge of becoming the 6th largest market by 2024. (BrandEquity, 2020). With new players entering the OTT market and increasing acceptance of OTT platform, the market is becoming extremely competitive with consumers wanting to access multiple OTT platforms in order to get different kinds of content. This has led to many OTT channels coming up with more cost-effective ideas in order to stay ahead of the other players in the game. The irony is, some Indian consumers still remain price-sensitive and thus, do not like paying for OTT subscriptions. Our studies suggest that there are still some people who are borrowing someone else's login to stream movies and TV. This is a show of resistance from those who cannot afford to pay for multiple streaming services to access exclusive content. Otherwise, the viewers go down the immoral path of piracy, i.e., getting access to illegally downloaded content via torrents and other websites. These methods harm the revenue of various OTT platforms. Netflix could be losing as much as \$192 million a month due to login sharing, according to a case study published by Cordcutting.com titled "Subscription Mooching: Examining Who Really Pays for Streaming Services." (Stephen, 2020).

The idea we suggest which can be used in the future is "W.A.W.S." (Watch Ads, watch shows). Here, the OTT platform will let the viewers win points by watching a certain number of ads if they do not wish to subscribe. These points can be used by the viewers to unlock a certain number of episodes or shows to watch for free (as per the points collected). This feature could also be a huge source of revenue for the OTT platforms as many companies would engage in a bidding war over the space which has been provided to show these ads. Our survey concluded that not many respondents were open to the idea of W.A.W.S.

VIII. Future Scope

Having found Netflix to be the most preferred OTT platform, further detailed studies could throw light on the reasons that made Netflix the no.1 channel and thus, suggest strategies that could be implemented by other platforms to reach at the top. Our study indicated various reasons why users get frustrated when Ads are shown on OTT platforms. Future studies could further explore ways to overcome the user intolerance towards ads and also suggest ways to incorporate ads in OTT content seamlessly without disrupting user experience.

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