



To infinity
and beyond

**Have consumers' demands
gone OTT?**

amdocs
media


Introduction

Over-the-top (OTT) providers (Netflix, Amazon Prime Video, Hulu, Game Pass, and Peloton etc.) and traditional Telecommunications and Media Service Providers are facing a greater deluge of demands than ever before to make sure they're keeping their customers happy. After all, there are plenty of alternative options available for consumers to jump ship if these demands aren't being met.

Customers are overwhelmed with the vast array of TV shows, films, and digital experiences accessible at the click of the button. With these options increasing by the day, could they really ask for more? Well, in short, yes. As a result of the COVID-19 global pandemic, and with many of us spending more time at home than ever, have people run out of content to consume?

Or are they simply spreading their wings a little, carefully exploring the vast array of content available to them while they have the time?

Although it may not be that we simply have more time on our hands... the average home no longer needs to only serve its purpose of providing a roof over our heads. Our homes are now acting as makeshift offices, gyms, schools, and even virtual arenas for avid music and sports fans who miss heading to gigs and games. While this might be currently forced upon us thanks to COVID-19, what if customers become comfortable with their whole lives being under one roof longer-term? Are streaming providers prepared for this to become the norm in the post-pandemic world?



There's no place like
home...a.k.a. the office,
gym and school

(Wizard of Oz, 1939)

Since the start of the pandemic, consumers have continued to do what they do best - watch TV, whether that's via satellite/cable, or video streaming services. While just under three quarters (73%) of surveyed US and UK consumers have kept their satellite/cable services the same since the start of the pandemic, and just over half (54%) saying the same for video streaming services, it's likely that consuming traditional video content is still a regular go-to for consumers.

But it's the emergence of popularity in other digital subscription services which is interesting. eLearning (36%), wellness and e-Health (34%), digital media/online journalism (31%) and gaming services (31%) have seen around a third of respondents add at least one subscription since the start of the pandemic.

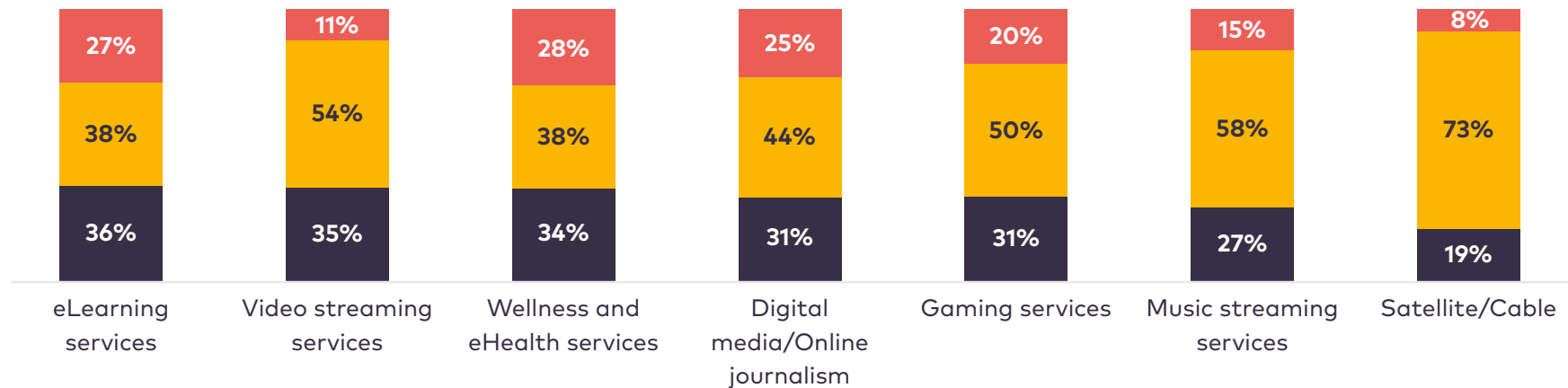
As office and home lives collide, a third of respondents (38%) are taking advantage of being remote workers for the first time, over a quarter (28%) are now stay-at-

home teachers or learners, and just under a quarter (24%) are in-home movie theatergoers.

It's unlikely that life will return to the "normal" we were all used to pre-pandemic. Some consumers may prefer remote working in their finest comfy clothes, doing fitness classes online, or even being able to watch the latest blockbusters without being disturbed by the rustling of their neighbor's candy wrappers and bucket of popcorn.

Subscription service changes since March 2020

Added a service **Kept services the same** **Cancelled a service**



But are streaming services ready to provide an all-in-one solution, giving customers access to everything they need in one place? Amdocs believe that these newfound experiences will lead to a deeper, diverse partner ecosystem, providing consumers "optionality" of best-of-breed subscription offerings.

Each consumer will have their own idea of what their personalized bundle looks like, and that's the beauty of it; this solution will give consumers the control to design a streaming service that's unique to their hobbies and interests.

But do we have any idea what consumers might want to see more of? Well, during the pandemic, just over half (51%) of survey respondents found themselves accessing more video streaming services, followed by gaming services (47%) and music streaming services (44%). Only time will tell, but these trends might be set to stay.



51%
found themselves
accessing more video
streaming services
during the pandemic



Louis, I think this is the beginning of the perfect bundle

(Casablanca, 1942)

So, we know that customers are calling for more diverse bundles, and all-inclusive subscription service where they can choose whether to stream music, watch TV, or take part in fitness classes all under one package. But it surely can't be that simple? ...no; customers are also showing appreciation for not only the amount of content, but better-quality content too.

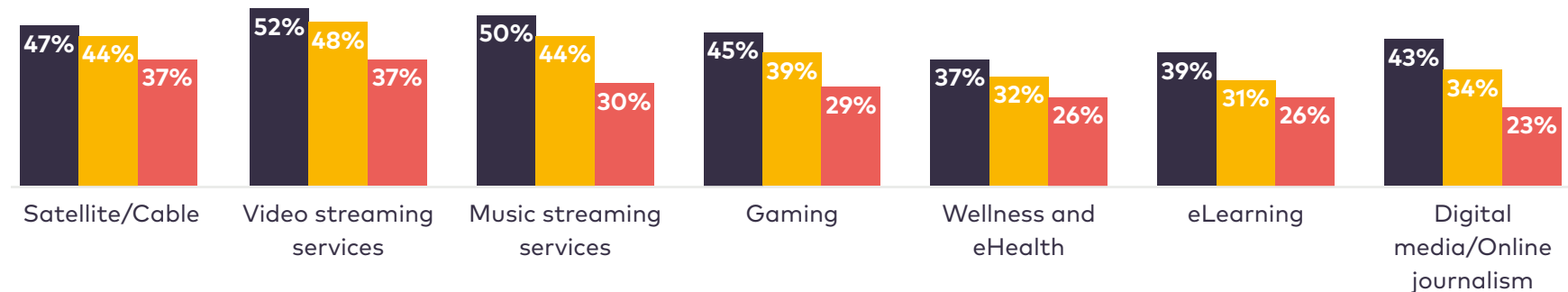


When asked what drives their loyalty to a media/entertainment provider of any kind, the two most likely factors are always **quality of content followed by **amount of content**.**



What drives loyalty to a media/entertainment provider?

Quality of content Amount of content Price or price options



According to FX there were 493 original scripted TV series available to consumers in 2020, but this dropped by 7% as a result of the global pandemic compared to 2019's record-high of 532. Encouragingly though, producers expect to invest more than \$100B a year on their production pipeline, as long as COVID concerns are cleared to allow for a full production capacity. While consumers are presented with such a vast array of choice, there's still a proportion who aren't getting

everything they need from their service providers. This is most likely to be the case for satellite/cable providers, with just under a third (31%) of respondents citing there is content they cannot access, followed by just under a quarter (22%) for video streaming services, and just under a fifth (18%) for music streaming services. Could it be that consumers are being overloaded with so much choice they simply don't know what they have access to?

Meanwhile, the Paradox of Choice theory suggests that more certainly can be less, and too much choice can cause anxiety for consumers. Have you ever found yourself with too many new TV shows to choose from that you've decided instead to re-watch a series you've seen before, simply because you couldn't decide? That's the dangerous consequence of too much choice. Service providers have therefore found themselves in a tricky position – how do they add more content without increasing the risk of customers simply switching off?

The solution is to make sure that customers are presented with content that is relevant to them, and to even give them a sense of control in making the decision of what they're presented with. When asked whether respondents would prefer to create and pay for a content package that is limited to only content they are interested in, for satellite and cable for example, just under three

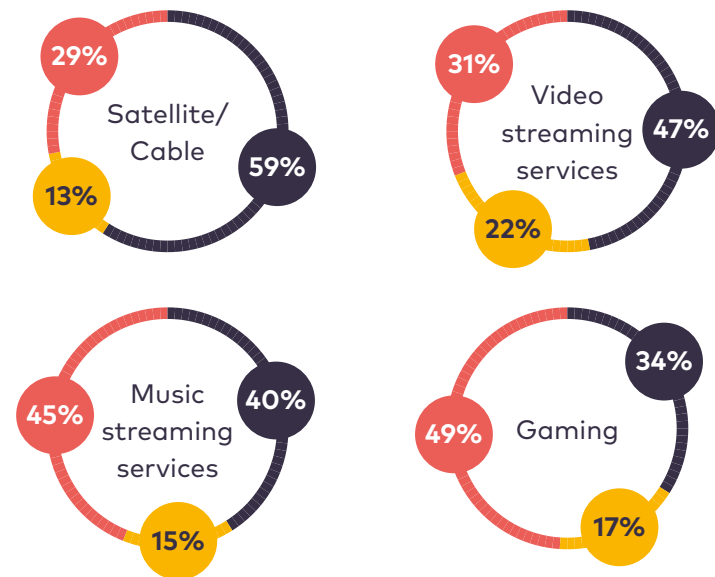
quarters (71%) cited that they would be happy to. Where this was the case, most customers said that they would prefer to pick the content they have access to themselves, but some would even be satisfied with the subscription service picking content too.

Would consumers prefer to create and pay for a subscription that is limited only to content of interest?

Yes, if I can pick the content that I access

Yes, even if my subscription service picks what I have access to

No



A young man with short dark hair, wearing a grey long-sleeved shirt and dark pants, is sitting on a wooden balcony. He is looking out towards the right, where a blue and white sky is visible. He has a laptop open on his lap. The balcony has a wooden railing. The image is framed by white diagonal lines on a dark background.

Service providers should make customers an offer they can't refuse

(The Godfather, 1972)

While cost still is, and probably always will be a driver of loyalty for consumers, it took a bit of a back seat to "quality of content" and "amount of content" when respondents were asked what drives loyalty. Thinking about how much customers are currently spending, for the vast majority it's less than \$50 per month on a variety of streaming services, while the figure for satellite and cable is far more likely to be over \$50 per month.

The likelihood of paying more than \$50 increases slightly for more niche services such as wellness and e-Health (26%), eLearning (26%) and digital media (22%) services, compared to the more standard streaming services such as gaming (14%), video (10%) and music (9%).

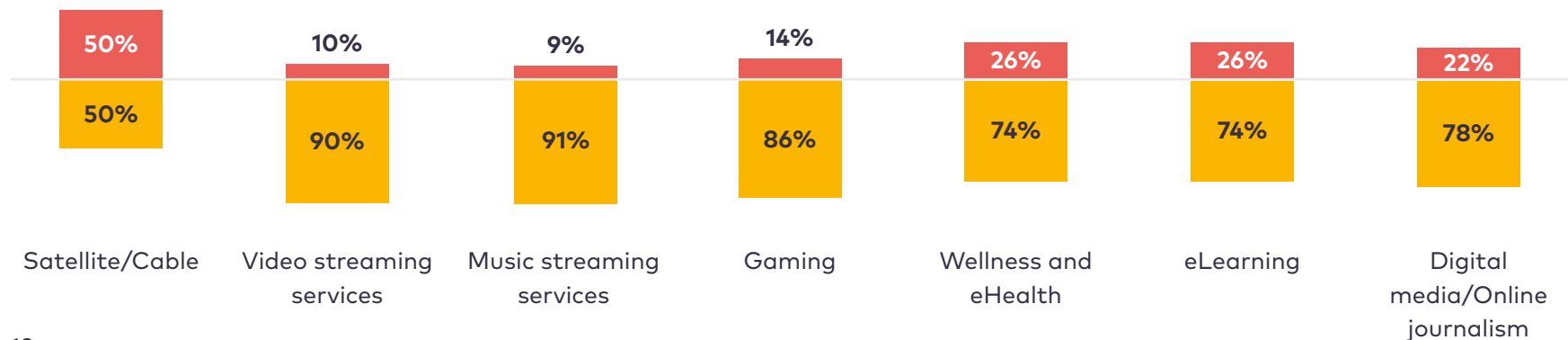
While cost isn't everything, there may be an opportunity here for service providers to create unique bundles for their customers, at prices that reflect the content, giving customers the best of both worlds - flexible content options AND flexible prices.

So, we know that cost is less of a concern to customers, and that the focus is very much on content. But what would they be willing to pay more for exactly?

When asked if they would hypothetically pay more to include to create a 'perfect' bundle of subscriptions, customers are generally willing to pay more for on-demand content, than for live content. Customers appreciate the small stuff like being able to pause for a quick break to grab snacks or to re-watch that epic episode again without any distractions.

How much is being spent each month on content subscriptions?

Households paying under \$50 a month Households paying over \$50 a month



The only instance where respondents showed a preference towards live showings, was for sporting games where it's clear you can't beat the real-time experience. Especially during the pandemic, live sports can still give us that sense of human interaction, knowing that your friends are watching the game, and being able to compare notes about THAT play or winning point.

Is it time for service providers to re-evaluate their content offerings and pricing options?

Many consumers would pay more to access their 'perfect bundle'



36%

would pay more for live games for one specific sporting team



33%

would pay more for on-demand virtual concerts, events or Broadway shows



33%

would pay more for on-demand binge-worthy TV series

Summary

Customers are calling for diversified and flexible bundles that meet their ever-growing list of needs in an evolving digital lifestyle. Quality and quantity of content trumps price and consumers are even willing to pay more for specific content if it meant they could create the "perfect" bundle pulled from a diverse ecosystem of offerings.

There's an opportunity here for providers to improve their service offerings and their customers' experiences by sharing content that's relevant to them, whether that's a new TV show, a new song or even a new game, all in one place. While it's clear that it's important to give customers plenty of choice, there's a fine line between just enough, and too much... get it right and service providers are presented with a golden opportunity.

Methodology



Amdocs commissioned Dynata to undertake the research upon which this executive summary is based. For this research, 2,000 TV, film and video-watching consumers, aged 14 years and older were interviewed in January 2021. Respondents were based in the following countries:

- US (1000)
- UK (1000)

This executive summary has been written by independent technology market research specialist Vanson Bourne.



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.

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