

Factors influencing the shift from traditional TV to OTT platforms in India

Rohit Jacob Jose¹

¹*Symbiosis Institute of Business Management Pune, Symbiosis International (Deemed University) Pune*

¹*rohit.jose21@associates.sibmpune.edu.in*

Abstract

With the rapid improvements in technology and increasing levels of internet penetration across India, the way that people consume media is changing. The emergence of over the top media services has started to change the media space significantly. OTT platforms give you the freedom to watch the movies and TV series you want at your own convenience. While majority of the population of the country use television, we can see a shift towards OTT platforms like Netflix, Amazon Prime and Hotstar. While some of these services may charge a premium cost when compared with television, they offer various benefits which make them an attractive option. Content streaming on online platforms have much less breaks and advertisements compared to television. They have given the Indians better access to international content. They also have special algorithms which help in suggesting other movies or series based on the likes and past search history of their customer. The platforms themselves are producing their own shows apart from just playing TV content online and on demand. This research paper aims to understand the OTT sector better and identify the various factors that influences the shift of the consumers from traditional television to over the top media platforms in India.

Keywords: *ott, television, user friendliness, content richness, cost*

1 Introduction:

The world has scene drastic changes in the way it consumes content over the past few decades. One of the more recent shifts in the way we are consuming content is the shift from television to OTT platforms. Over the Top platforms (OTT) like Netflix, Amazon Prime, Hotstar, etc., are becoming more popular by each passing day and increasing its subscriber base. An OTT platform has a large repository of movies and TV serials from across the globe which can be accessed through different devices like phones, laptops, etc. These platforms are even producing their original shows and giving their own users a completely different experience. It is basically a media streaming service which is available for the users through the internet. With the increasing penetration levels of the internet and cheaper data rates, OTT platforms have become more accessible to most Indians. Even though most of the viewers are still dependent on television, we can see a shift towards OTT platforms in the past few years. These platforms are becoming more and more customer oriented and has been consistent innovations to the delight of the user. One of the major innovations that OTT platforms have brought about is a feature where movies and TV shows are suggested to the user based on the content that they have watched previously with the help of analytics. They provide content of various languages and also provide English subtitles for the same. Users have the facility to pause and view content at any time they please. In India, BigFlix was the first OTT platform which was launched by Reliance Entertainment in 2008. The market kept evolving with the entry of players like Sony Liv, DittoTV, etc. As of 2019, Hotstar has the largest subscriber base in India with around 150 million active users and more than 350 million downloads. Apart from the movies and TV shows, Hotstar is a platform which also streams live sports tournaments which include all BCCI matches, Indian Premier League, English Premier League, etc. With the increasing popularity of the OTT

platforms, Hotstar had approved 120 crore rupees for the production of original content to provide strong competition to its rivals. After the acquisition of its parent company by Disney, plans have been made to integrate the international streaming brand Disney+ with Hotstar. Two of the largest competitors for Hotstar in India are the international streaming services Prime Video and Netflix. Prime Video, the streaming service which is owned by Amazon launched in India in 2016. Apart from offering a wide range of international and regional content, Prime users get special facilities like faster deliveries and discount offers while using Amazon's shopping portal. Netflix is one of the largest international streaming services and launched its streaming services in India in 2016. While most of the content Netflix provides is international, they have been also trying to cater to the taste of the Indian subcontinent by producing original content. Sacred Games, Lust Stories, etc., were a few of the Indian originals that went on to be a great hit among the Indian audiences. With an eye to gain more than 100 million subscribers, Netflix plans to invest a gigantic sum of 30 billion rupees to produce more Indian content by 2020. Even with the presence of two global players in the market, Hotstar has been able to maintain its top spot with the help of its cheaper packages, sports content and a large repository of Indian content. Alt Balaji and Zee5 are the upcoming Indian rivals for these OTT platforms. The 2 companies have engaged in an alliance to produce 60 original content series in Hindi. By leveraging each other's strengths, the two platforms are set to bring in stiff competition to the big players in the market. Companies are tying up with telecoms and are providing offers for users to increase their subscriber base. Most of these platforms have an initial free trial run for the customers to try out their service after which they can choose to continue or exit the service. A study by the Boston Consultancy Group estimates that the on-demand market will hit 5 billion dollars by 2023 and that subscribers may go up to 50 million. Junghwan Kim, Seongcheol Kim, Changi Nam in their research [1] have used the theory of niche to understand how competitors fight it out in the Korean OTT industry. Using two parameters in the lines of how satisfied the user was and the duration the user engaged with the platform, it was found that when Youtube was excluded Television had a competitive superiority over OTT. In his paper [2], Gimpel.G talks about the players that will rise during the transformation of the industry with respect to how content is consumed. By applying platform theory on the data obtained he has recommended platforms to produce original content and work on licensed agreements. He has also suggested diverse media which should be used to diversify the revenue portfolios for production companies. He has also said between OTT firms and MSOs, consumers will prefer the one which is more effective and easier to use. In this research [3], Freiden.R talks about how consumers want to shift from the traditional consumption of media where the user is bound to the pre-decided time slots. Businesses have understood that the users are ready to shift to online platforms. In the research done by [4] Bastiaan Baccarne, Tom Evens and Dimitri Schuurman, it is said that the scope for OTT platforms to grow is very high and the intense competition between rival platforms will result in continuous improvement and lower rates. They have also mentioned that users want OTT platforms to deliver content of consistent standard offered by television at better rates. The OTT industry in India is looking promising and the developments across the industry inspire us to understand the factors that are enabling a shift of users from traditional television to over the top platforms.

2 Data And Methodology:

A. Data Collection

Primary data was collected by floating a google form across 103 respondents who live in India. The intention of the customer to prefer OTT platforms over Television was chosen as the dependent variable. Variety, Quality, Cost, Interruptions and Convenience are the 5 independent variables chosen for analysis. 5 questions each were asked based on the dependent and independent variables were asked in the questionnaire. Responses were recorded on a 5-point Likert scale with the option to choose among Strongly Agree, Agree, Neutral, Disagree, Strongly Disagree. A reliability test was conducted based on

the responses obtained for each variable after which factor analysis was conducted to club variables together. The significance of each of the new variables was tested by the method of one-way ANOVA.

B. Reliability Test

A reliability test for the dependent variable i.e. the intention of a customer to shift from Television to OTT was performed. Following are the 5 statements based on the dependent variable that individuals were asked to rate on a Likert scale

- I use OTT platforms more frequently compared to TV channels
- I spend more time on OTT platforms compared to Television
- I prefer subscribing to OTT platforms over subscribing to TV channels
- I like using OTT platforms more than Television
- I enjoy using OTT platforms more than Television

Respondents were asked to choose from the options Strongly agree, agree, neutral, disagree and strongly disagree for the above statements. Reliability test was run and the following result was obtained. From the TABLE I, we can see that the Cronbach's Alpha value for the dependent variable is 0.921. Since the value is greater than 0.7, we can consider this data reliable.

Following are the 5 statements based on the independent variable, Variety, that individuals were asked to rate on a Likert scale.

- I feel OTT platforms offer a wider range of content compared to Television
- I feel OTT platforms offer more genres of content than Television
- I feel that the quantity of shows available on OTT platforms is more when compared to Television.
- I feel there are more categories of movies in OTT platforms compared to Television
- I feel there are more content of different languages in OTT platforms compared to Television.

We can see from the TABLE I below that the Cronbach's Alpha value for variety is 0.768. Since this value is greater than 0.7, we can consider the data to reliable. Following are the 5 statements based on the independent variable, Quality, that individuals were asked to rate on a Likert scale.

- I feel that the shows on OTT platforms have better ratings than the ones on Television
- I feel that the OTT platforms offer content of much higher standard than Television
- I feel OTT platforms offer content which is more entertaining compared to Television
- I feel more award-winning movies are available on OTT platforms compared to Television

- I feel OTT platforms offer access to more internationally renowned content compared to Television

Q4 has been deleted from the analysis since it's deletion would lead to a greater value for the Cronbach Alpha. From TABLE I, we can see that the Cronbach Alpha value for quality is 0.787. Since the value is greater than 0.7, the data is considered to be reliable. Following are the 5 statements based on the independent variable, Cost, that individuals were asked to rate on a Likert scale.

- I feel I have to spend less money on OTT platforms compared to television
- I feel subscribing to OTT platforms is cheaper than subscribing to TV channels
- I feel subscribing to OTT platforms fits better into my budget than subscribing to TV channels
- I feel OTT platforms offer more financially flexible packages when compared to Television
- I feel the payments I make on OTT platforms are lesser compared to the ones made for Television services.

From TABLE I, we can see that the Cronbach's alpha value for cost is 0.887. Since the value is greater than 0.7, the data is reliable. Following are the 5 statements based on the independent variable, Amount of interruptions, that individuals were asked to rate on a Likert scale.

- I feel there are less advertisements in OTT platforms when compared to Television
- I feel OTT platforms display less sponsored content when compared to Television
- I feel I can watch content without many breaks in OTT platforms compared to Television
- I feel OTT platforms allow me to binge watch more content compared to Television
- I feel I can watch TV serials with more continuity in OTT platforms compared to Television.

I2 has been deleted for the analysis as it would give us a higher value for the Cronbach's Alpha. From TABLE I, we see that the Cronbach's Alpha value for amount of interruptions is 0.795. Since this value is greater than 0.7, we can say that this data is reliable. Following are the 5 statements based on the independent variable, Convenience, that individuals were asked to rate on a Likert scale.

- I feel accessing content at the time of my choice is supported better by OTT platforms than Television
- I feel accessing content at different locations is made easier by OTT platforms compared to Television
- I feel that getting the latest content is easier on OTT platforms compared to Television
- I feel the ability to access content through mobiles makes OTT more preferable over Television
- I feel the feature that recommends shows makes OTT platforms more preferable over Television.

From TABLE I, we can see that the value of Cronbach’s Alpha for convenience is 0.744. Since the value is greater than 0.7, we can say that the data is reliable.

C. Factor Analysis

After the reliability test is conducted, we conduct factor analysis to club variables together to give rise factors for the shift from Television to OTT. From TABLE II, we can see that three factors are obtained after factor analysis. Component 1 is named User Friendliness as it largely consists of the responses towards the convenience and interruptions. Component 2 is named Content Richness as it largely consists of the variables of the quality and variety of the content available. Component 3 is named as Cost as it consists of only cost variables.

D. ANOVA

Since we have our new factors now, we can frame our hypothesis.

- H1: User Friendliness is a significant factor for the shift of consumers from Television to OTT platforms.
- H2: Content Richness is a significant factor for the shift of consumers from Television to OTT platforms.
- H3: Cost is a significant factor for the shift of consumers from Television to OTT platforms.

One-way ANOVA is conducted to test the hypotheses at 95% confidence interval. From TABLE III, we can see that significance value for User Friendliness is 0.000. Since this value is less than 0.05, we can say that User Friendliness is a significant factor for the shift of consumers from Television to OTT platforms. The significance value of Content Richness is 0.009. Since this value is less than 0.05, we can say that Content Richness is a significant factor for the shift of consumers from Television to OTT platforms. The significance value of Cost is 0.590. Since this value is greater than 0.05, we can say that Cost is not a significant factor for the shift of consumers from Television to OTT platforms.

Table 1. RELIABILITY TEST

Variable	Reliability		
	Cronbach’s Alpha	Cronbach’s Alpha (standardized items)	Total
Dependent variable	0.921	0.922	5
Variety	0.768	0.774	5
Quality	0.787	0.787	4
Cost	0.887	0.888	5
Amount of interruption	0.795	0.795	4
Convenience	0.744	0.75	5

Table 2. FACTOR ANALYSIS

Variable	Components
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	<i>1</i>	<i>2</i>	<i>3</i>
V1		0.715	
Q1		0.63	
C1			0.821
I1	0.724		
Con1	0.574		
V2		0.596	
Q2		0.81	
C2			0.867
Con2	0.555		
V3		0.707	
Q3	0.464	0.529	
C3			0.871
I3	0.695		
Con3	0.639		
V4	0.601	0.411	
C4			0.727
I4	0.653		
Con4	0.701		
V5		0.676	
Q5	0.529	0.424	
C5			0.796
I5	0.733		
Con5	0.439	0.449	

Table 3. ANOVA

		Sum of Squares	df	Mean Square	F	Sig.
User Friendliness	Between Groups	76.138	38	2.004	4.958	0
	Within Groups	25.862	64	0.404		

	Total	102	102			
Content Richness	Between Groups	54.635	38	1.438	1.943	0.009
	Within Groups	47.365	64	0.74		
	Total	102	102			
Cost	Between Groups	36.256	38	0.954	0.929	0.59
	Within Groups	65.744	64	1.027		
	Total	102	102			

3 Results:

From the analysis done, the significance of the three variables that emerged was tested and the following results were obtained.

- User Friendliness is a significant factor for the shift of consumers from Television to OTT platforms.
- Content Richness is a significant factor for the shift of consumers from Television to OTT platforms.
- Cost is not a significant factor for the shift of consumers from Television to OTT platforms.

4 Discussion:

From the analysis above, we can see that 2 of the factors considered, User Friendliness and Content Richness are indeed significant in the shift of consumers from Television to OTT platforms in India while Cost isn't a significant factor. The variety of content that these platforms is much more than what television offers. Content in various languages and different genres are available. A lot of investments are being made by these platforms on creating original content according to the taste of its consumers. Therefore, the consumers have a wide range of content to choose from. When it comes to quality, OTT platforms are outperforming Television by consistently delivering world class content. Most of the award-winning movies and TV shows are available on these platforms. Content creators have more freedom when it comes creating content for OTT platforms and are therefore able to deliver innovative and world class movies and shows. The great quality and quantity offered by these platforms boosts the factor Content Richness. The increasing investments in producing original content can be considered as great move by the OTT companies to increase Content Richness and thereby increasing a shift of consumers. While some packages might allow only viewing through mobile screens, others include multiple screens. While Television channels are flooded with advertisements, OTT channels hardly have any kind of advertisements. Most of the interruptions in these platforms are usually the promotion of its own content. When you compare this level of interruption with that of a television, it almost seems non-existent. It makes it a perfect option for binge watching. The level of convenience that OTT platforms offer its

customers is unmatched when compared to Television. Consumers can watch their favorite show at a time of their convenience unlike in a Television where the timings are pre-decided. It also helps the viewer watch content from any place he wants. As long as the customer has access to internet, he can view content from any location on the globe. They also provide subtitles for every scene. Another very important feature that the OTT provides is the recommendation system. Most OTT platforms use analytics to predict what their consumers would like to watch by analyzing the past content they have viewed. This is a very useful feature for the consumer as they needn't spend a lot of time on deciding what to watch. The uninterrupted flow of content, ease of access despite the location and the recommendation engine boost the User friendliness factor of OTT platforms and therefore significantly influences a shift from Television to OTT. According to the analysis, cost isn't a significant factor for the shift of consumers from Television to OTT platforms. Introduction of more flexible packages at cheaper rates and promotion of already existing economical packages are ways in which companies may make cost a significant factor.

5 Conclusion:

This research paper concludes that User Friendliness and Content Richness are significant factors that influence the shift of consumers from Television to OTT platforms in India, whereas Cost isn't a significant factor for the same. While most people are dependent on Television, we can definitely see a trend of people shifting to OTT platforms. This shift is largely dominated by the youth, the middle class and upper class of the society. This shows a great future for OTT platforms and probably a slow demise of the traditional television system. This research also highlights the factors where OTT platforms can concentrate more on to improve their customer satisfaction and rake in more subscribers. While most platforms have continuously kept focusing and investing in improving Content Richness and User Friendliness, more has to be done to make Cost a significant factor for influencing a greater shift.

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