

Transition of Consumer Towards Video Streaming Industry: A comparative analysis of Netflix and Amazon prime



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Video Streaming report dives deep into the expanding streaming market, exploring how streaming Industry fits into the home ecosystem as a replacement. The objective of this research is to understand examining profiles of users, identifying strategies of Netflix and Amazon Prime align with future shifts in this fast-changing market analyse relation between demographic profile (age, gender) of consumer and their behaviour towards consumption of online video streaming channels, to identify perception of Indian consumer based on factors such as Price, Quality, Content, Device friendly for Netflix and Amazon Prime Video.

Keywords : Video Streaming, Netflix, Amazon Prime, Consumer Behaviour

Introduction

“Watching TV” means sitting in front of the screen waiting for a favourite program is an outdated. Due to the improvement in mobile devices technology and internet connectivity, this has provided the viewers with the option of accessing digital media content on the go. Video industry is also observing shift towards digital formats all over the world. There is higher online video consumption among youth.

India has the largest young population in the world which is driving the digital media consumption in India. Internet traffic in India is being driven by mobile internet users. The major reason for this will be the availability cost efficient smartphones in India, improving 3G and 4G internet coverage and fast reducing data prices. Indian consumer prefers both long form as well as short form videos online. Within content Original content from video streaming channels categories followed by new movies is the most preferred. Being a large and diversified country in terms of demographics and languages, India has specific regional demand for localized content. Most of the players have their products customized on various devices for ease of usage to their customers. Similarly different players have also customized their product to suit their content strategy and service offering. These players also need to pay attention to the usage habits of their customers and segment them on the basis of their demographics, paying capacity and geographical presence.

Even though on demand video consumption in India is on the rise, the internet connection speeds are much lower than most other countries in the world. This is currently the biggest roadblock for the digital content industry in India. The adoption of 3G / 4G technologies is expected to increase the connection speed in India, which is further expected to increase the digital video content consumption.

Objectives of the study

- To study the transition of video streaming industry
- To compare Netflix and Amazon Prime
- To analyse relation between demographic profile (age, gender) of consumer and their behaviour towards consumption of online video streaming channels
- To identify perception of Indian consumer based on factors such as Price, Quality, Content, Device friendly for Netflix and Amazon Prime Video

Literature Review

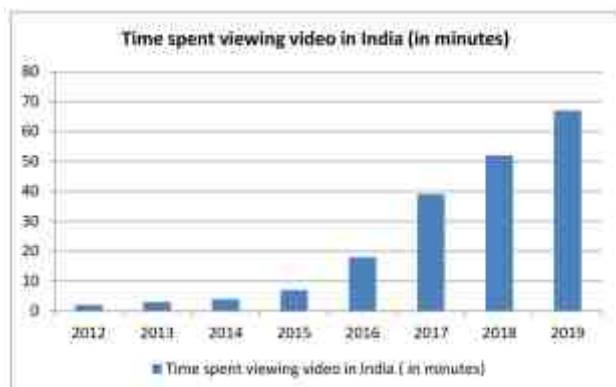
Deloitte report “Digital Media : Rise of On-demand Content” mentioned that more people spending time on digital media as compared to traditional media this is possible due to improvement in mobile devices technology and internet connectivity, which has provided the viewers with the option of accessing digital media content. India has the largest young population who are using digital media. Internet traffic in India is being driven by mobile internet users.

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Availability affordable smart phones, 3G and 4G internet coverage has given rise to the demand for on-demand digital entertainment services

Live mint Titled Online Video Forecasts 2018, the report said globally consumers will spend an average of 67 minutes a day watching online videos this year, up from 56 minutes in 2017.



Karan (2018) in his paper mentioned the similarities between the two are converging in terms of market access and online and offline access of the content. Both the companies using their strength. Amazon is chasing to acquire broadcasting rights of sports events as live sports telecast would be a game changer.

Virendra (2016) The demographic consumer research has showed us many qualitative factors which could possibly affect the subscription rates. We also developed a quantitative model through which we took 11 independent variables, performed factor analysis and formed 4 factors on which we did multiple regression to identify the explanatory power of factors on subscription rates. We have presented with the managerial implications for our project which have identified pricing, lack of regional content, payment options available as the major factors contributing to low subscription rates of Netflix rates in India

Difference between Amazon Prime and Netflix

Both Amazon Prime and Netflix are leading video-on-demand online streaming services that allow their viewers access to a myriad range of digital content including movies, award-winning TV shows, original series, documentaries, comedy specials, a more on hundreds of internet-connected devices. They both offer free trials which allow viewers to binge watch a show or a movie for a certain period of time and then bail out. Apart from these similarities both the video streaming platforms have quite a few differences which helps them to differentiate their product from each other and also other competitors.

Methodology

Exploratory Descriptive research is used with 200 sample from Navi Mumbai. The study focuses on the consumers buying behaviour in the entertainment industry basically video-on-demand based online streaming service and perception of Indian consumer based on factors such as Price, Quality, Content, Device friendly for Netflix and Amazon Prime Video.

Study shall be focusing on different age groups.

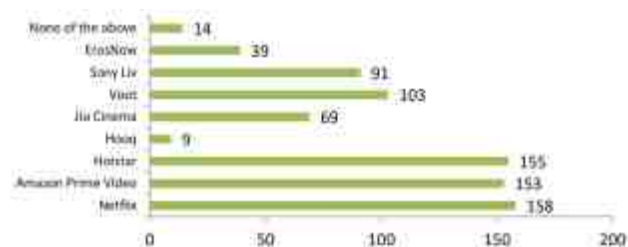
Secondary data will be collected mainly from: Company website, Reports and surveys, Blogs, Articles

Data Analysis

Demographic Analysis

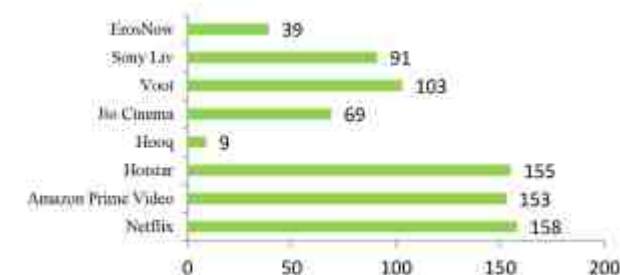
177 people responded that they watch shows/movies online but the respondents reduced by 19 when asked whether they watch movies/TV shows on an on-demand online video streaming channels like Netflix, Amazon Prime Video, Hotstar, Hooq, Jio Cinema, Voot, Sony Liv, Eros Now

Channels people are aware:



Maximum people were aware of Netflix, Amazon Prime Video and Hotstar while only 7% of the total 200 respondents did not know any of the above channels.

Favourite channels for entertainment.

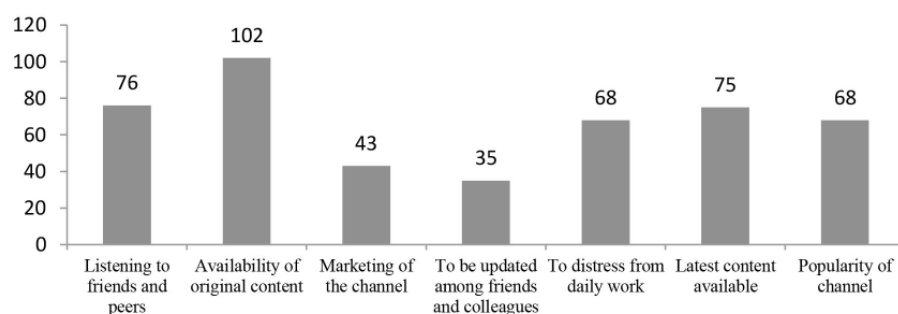
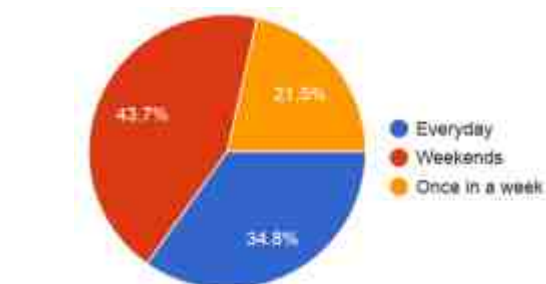


Out of all the aware channels consumers prefer Netflix followed by Amazon Prime Video followed by Hotstar as their favourite source of online video streaming channel for entertainment.

Content	Netflix	Amazon Prime	Consumer Perception
Basics	Netflix is a California-based entertainment company founded by Reed Hastings and Marc Randolph as a video-on-demand service for home television audiences.	Amazon Prime Video is a subscription-based streaming service offered by E-Commerce giant Amazon	
Pricing	Netflix gives you a free month before they start charging for the subscription. Netflix, on the other hand, offers three different plans: Basic, Standard, and Premium. The basic plan costs Rs.500 per month and increases incrementally, bringing the standard and premium subscription to Rs.650 and Rs.800 respectively.	Amazon offers a free 30-day trial period of its Prime membership while. Amazon Prime membership costs Rs.129 per month or Rs.999 per year for the Prime membership. You can sign up for monthly or one-year Prime membership, by visiting www.amazon.in/prime .	Amazon Prime wins in terms of pricing with 70% consumers voting in favour of Amazon Prime
Content	Netflix has been around for quite some time so it has the most extensive selection of digital content with thousands of titles to choose from including its in-house shows such as Stranger Things, House of Cards, Fuller House, Narcos, Greenhouse Academy, and more.	Amazon Prime Video offers a myriad of good content too including some of the same titles as Netflix. As it's a fairly new service compared to Netflix, the library isn't as extensive yet.	Netflix wins in terms of Content with 83.5% consumers voting in favour of Netflix
Video Quality	Netflix has been the pioneer of entertainment industry which offers its viewers the best possible viewing experience in mainstream streaming on top of the best display resolution possible in line with your plan and internet speed. Netflix has been broadcasting 4k and HDR content for some time now and Netflix excels in video and sound quality. Even the best of streaming services lags behind physical media, and this is where Netflix stands out	Amazon Prime Video which fails to play high-resolution HD content on low-speed connections. However, Amazon stays a little ahead of Netflix when it comes to HDR content.	Netflix wins in terms of Video Quality with 57.5% consumers voting in favour of Netflix
Devices Accessibility	Netflix offers its dedicated Netflix app which can be accessed from almost any internet-connected device including Web, Windows 10 (UWP), Android, iOS, Xbox, PlayStation, set-top box, home theatre, personal computer, smartphones, and tablets.	Amazon Prime Video doesn't have that extensive device support of the Netflix, but is slowly growing its network of compatible devices. It is available through web browsers as well as hundreds of other media streaming devices Web, Android, iOS, Xbox, PlayStation, Fire TV etc.	Netflix wins in terms of Devices Accessibility with 72.1% consumers voting in favour of Netflix
Internationalization and Localization Strategy	Netflix is available in more than 190 countries. The company is able to reach its online-based global target audience through the use of servers strategically located in different regions of the world.	Amazon has now officially launched its video-on-demand service Prime Video in more than 200 countries	

Amount of time spend on watching the TV show/movies in a week:

Out 158 respondents who watch shows/movie on on-demand video streaming channels 55 people said they watch it every day, 69 people watch on only weekends and the remaining 34 watch only once in a week.

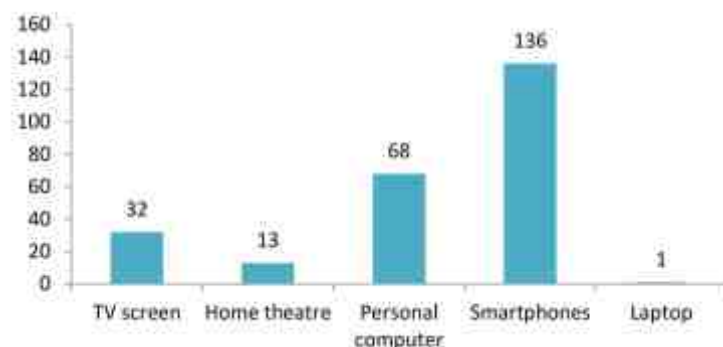


Influential factors:

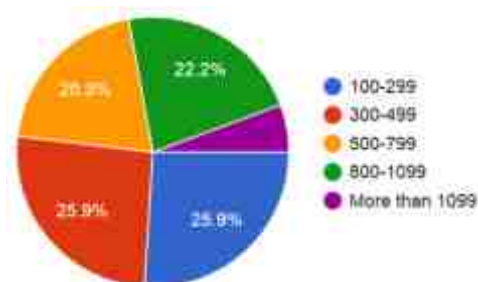
Most of the selection process involved in purchasing is based on these influential factors. What drives consumers to choose a particular product with respect to others is a question which is often analysed and studied by marketers. Marketers need to carefully study these influential factors to market the product or services successfully. If the marketers failed to understand the factors that might influence consumers, they will fail to convince the consumer to purchase that product or will fail to meet the demands of consumers.

Availability of original content is the most important influential factor for those who watch TV shows/movies on an on-demand video streaming channels followed by listening about the channels from peers and friends. The marketer should make sure the promotions are based on same line so as to attract more and more customers to get a paid subscription.

Device used:



Ready to pay for a yearly subscription:



Maximum number of people prefer watching their favourite shows on smartphones thus the video streaming channel should have resolution which give a great experience watching on smartphone and user friendly on smartphones.

Content



Originals from video streaming channels followed availability of new movie release remain the two most important driving factors for people to prefer an online video streaming channel over traditional medium.

Relation between demographic profile (age, gender) of consumer and their behaviour towards consumption of online video streaming channels

Age:

Age is an important demographic factor that affects consumer behaviour. As people grow, their needs change. Similar changes come to their buying decision making patterns.

Lifestyle gadgets and magazines are mostly marketed to the youth or the millennial generation. The taste of this generation is vastly different and they are more digitally inclined, this affects not just the choice of marketing strategy but also the marketing channels used to market to them. Elderly people are less digitally inclined and therefore their consumption of digital products can also be lower.

Hypothesis:

H₀: There is no significant relationship between product-online video consumption and age

H₁: There is significant relationship between product-online video consumption and age

Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Age * Response	200	100.0%	0	0.0%	200	100.0%

		Response		Total
		No	Yes	
Age	10-20 Count	2	3	5
	Expected Count	.6	4.4	5.0
	21-30 Count	12	143	155
	Expected Count	17.8	137.2	155.0
	31-40 Count	5	26	31
	Expected Count	3.6	27.4	31.0
41-50	Count	4	5	9
	Expected Count	1.0	8.0	9.0
Total	Count	23	177	200
	Expected Count	23.0	177.0	200.0

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	16.392 ^a	3	.001
Likelihood Ratio	11.800	3	.008
N of Valid Cases	200		

- a. 4 cells (50.0%) have expected count less than 5. The minimum expected count is .58.

Symmetric Measures

	Value	Approx. Sig.
Nominal by Nominal Phi	.286	.001
Cramer's V	.286	.001
N of Valid Cases	200	

- a. Not assuming the null hypothesis.
b. Using the asymptotic standard error assuming the null hypothesis.

Here the Pearson Chi-Square value (0.01) is lesser than 0.05 hence we reject the null hypothesis and can say that there is a significant relationship between the product-online video consumption and age.

Gender:

The two gender male and female have different needs in terms of fashion and lifestyle. So, their consumer behaviour in these two areas can be vastly different. It is mainly the difference in needs that lead to differing choices. However, there are several areas where consumption patterns can be similar too like in terms of food and fun. The same movies and same fast food brand may appeal to both the sexes. The same is true about technological gadgets too.

Hypothesis:

H₀: There is no significant relationship between product-online video consumption and gender

H₁: There is significant relationship between product-online video consumption and gender

Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Gender * Response	200	100.0%	0	0.0%	200	100.0%

Gender * Response Crosstabulation

		Response		Total
		No	Yes	
Gender	Female Count	6	79	85
	Expected Count	9.8	75.2	85.0
	Male Count	17	98	115
	Expected Count	13.2	101.8	115.0
Total	Count	23	177	200
	Expected Count	23.0	177.0	200.0

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	2.865 ^a	1	.091		
Continuity Correction ^b	2.156	1	.142		
Likelihood Ratio	3.009	1	.083		
Fisher's Exact Test				.117	.069
N of Valid Cases	200				

- a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 9.78.
- b. Computed only for a 2x2 table

Symmetric Measures

	Value	Approx. Sig.
Nominal Phi	.120	.091
Nominal Cramer's V	.120	.091
N of Valid Cases	200	

- a. Not assuming the null hypothesis.
- b. Using the asymptotic standard error assuming the null hypothesis.

Here the Pearson Chi-Square value (0.091) is lesser than 0.05 hence we accept the null hypothesis and can say that there is a no significant relationship between the product-online video consumption and age.

Do not prefer to watch : Out of 42 respondents who do not watch shows/movie on on-demand video streaming channels 14 people stated their reason for not watching as no time, 12 people stated expensive subscriptions and the remaining 16 stated that they were not interested.

Conclusion

- Media and Entertainment industry is ruled by consumer choices of content and accessibility all over the world.
- In India, however, unlike its global counterparts, traditional media has not been disrupted by technology but still there has been tremendous growth in the digital media in the past few decades.
- The video streaming service market in India is still maturing and it won't be a wise decision to call out a specific service as the best streaming service. Mostly, because, each one of them has its own pros and cons.
- But out of all the options available for on-demand online video streaming channels Netflix and Amazon Prime are the major subscription players in India.
- Content is said to be the king when it comes to on-demand online video streaming channels and Netflix has a slight edge over Amazon Prime in terms of content.
- Indian consumer is always said to be price sensitive and thus Amazon Prime is preferred when it comes to pricing. But competitive pricing doesn't appear to be the exclusive recipe for success otherwise; Hooq would have been most preferred.
- Hotstar seems to be a considerable choice among the list because of the content it offers at affordable prices.

- On-demand video streaming channels are dependent on age of the consumer and the product is consumed mostly within the age group of 20-30 and least by people aged above 40.
- On-demand video streaming channels are independent on gender of the consumer.
- Original content is the most important influential factor for people to have a paid subscription to the channels and marketers should make sure that the advertising and promotion is based on the same line in order to attract more consumers.

Recommendations

- Content is the king regardless of the device on which the videos are being watched. Thus marketers and directors of video streaming channel should make sure that the content is good enough and with good quality so that consumers can easily access it.
- India as a market is also be attracted to regional content and it should be made sure that regional content with new Bollywood movie release is a major option in the offering
- Price sensitive market like India should be convinced that the offerings are worth the amount paid in order to get maximum number of people to buy paid subscription to channel.
- Consumers have many alternatives to evaluate and choose and thus there should be distinctive factor which forces the consumer to choose your channel. Netflix has observed has made their position and ranks first in the most preferred, most viewed and maximum number of people have bought a paid subscription for Netflix.
- India as a market has a tremendous growth opportunity in the digital section of on-demand video streaming channel and this opportunity should be leveraged by channel providers.

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