Impact of Streaming Services Challenges on Consumer Behaviour

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ABSTRACT: Streaming services have been an enigma in the past recently and have completely changed and revolutionized the entertainment industry, consumer viewing habits and media consumption of the modern day. While this sector enjoyed a significant growth it now faces the difficulties of being at its peak . Increased competition, price hiking, subscriber fatigue etc. are some of the key challenges these services face. According to a CQ Researcher, the popularity of streaming is expected to increase in the next five years, so its high time this new and growing industry set up a certain format otherwise they risk losing what all they have built. With current global changes its natural for these services to shift more towards profit growth than subscriber growth however they forget a piece of the puzzle that the service is intended to be accessible easily to the consumer and a huge chunk of their growth relies heavily on their behaviour. The study aims to observe what initially led to the rapid success of these platforms, causes of declining interest, consumer disillusionment and the importance of keeping this industry alive and stable. Key objectives to be fulfilled within the study include analysing relation between these services and consumers, causes behind the change in trends and what solutions can be provided. It aims to showcase that no matter how huge the industry, consumer behaviour can make or break it at a snap of a finger.

Keywords: **Streaming services, consumer behaviour, entertainment industry**

1. INTRODUCTION

It is important to point out this current spiral down, as streaming services are something that is going to stay a long time and therefore their complications need to be straightened out before they fall to capitalism, poor marketing decisions and lack of feedback responses. Being a relatively new and booming industry streaming services do not have any sort of reference which they can use to stabilise parts of their product and rely on experimentation to form it which is largely received poorly. According to CQ Researcher, the popularity of streaming is expected to increase in the next five years and with the current state of world heading into recessions due to a variety of reasons it can bring these companies into great losses if subscribers continue to ride the declining graph. In order to not loose control They have to work with the consumer's comfort to keep growing as it's something that was created for their accessibility and create a certain standard as well.

There is no industry standard and somehow all these services aren't even trying to create one nor are trying to be unique in their own respected ways and rather lazily copy other formats and without this creativity and uniqueness not present along with certain non-written standards, consumers become the guinea pigs for eg: Netflix stopping password sharing leaving consumers to figure out alternatives, Amazon Prime over the subscription fee "popping rent me tags" which is not a standard experience as one expects to gain access to all the variety of content that subscription covers. AppleTv only allowing free watch of appletv originals in the subscription the list goes on and the fight between the customer expectation, experience and experiments by the streaming service providers continue. Now while we do understand revenue pressure each must be under, surely don't understand why the gap between season1,2,3 of a famous show be so large that the fan following and hype dies, don't understand why the experience is so disaggregated that there are sites to tell us which content to find where. The result is a declining graph of subscribers.

The research analyses the current slowdown in streaming services and looks at the reasons for this change of consumer behaviour. The first boom in the sector, driven by convenience and affordability, is analysed, followed by current challenges such as market saturation and rising costs. Then the study will examine how subscriber expectations, such as subscription fatigue and desire for a more consistent viewing experience, have evolved. The impact of content quality and exclusivity on subscriber choice and the use of outside platforms is also examined in order to manage a fragmented streaming environment. By understanding these aspects, the study aims to analyse the cause of these problems, find solutions and

suggest strategies for the industry to adapt and respond to the changing needs of consumers. This research focuses on examining the current difficulties that the streaming services sector, which has seen a significant upheaval in recent years, is facing. The scope includes looking into what led to the industry's early success and the subsequent appearance of major problems including market saturation, cost increases referred to as "streamflation", and subscription weariness. With Netflix becoming a major player in the industry, special attention is paid to analysing the changing interaction between streaming services and their subscribers. The study also explores how fragmented viewing experiences, exclusivity, and content quality affect customer behaviour. By means of comprehensive examination, the research endeavours to discern remedies and provide approaches to tackle these obstacles, ultimately supporting the sector in maintaining its upward trajectory and meet the evolving expectations of the customers aswell. This study examines the reasons for the recent slowdown in the growth of streaming subscriptions in advanced economies. However, it recognizes its own limits. Focusing on developed economies may not fully reflect the complexity of consumer behavior and market saturation in developing regions. There may be regional differences in the implementation of streaming services, pricing models and content preferences that require further clarification. In addition, the research is mainly based on publicly available data and published data with some primary data input. While this approach provides transparency and repeatability, it can overlook important insights from industry insiders. Access to private information or industry internal reports could provide a more detailed understanding of the challenges and opportunities of the streaming service environment. Finally, the streaming services industry is dynamic in nature and constantly evolving. New technologies, business models and consumer preferences may emerge that may make some of the solutions and recommendations presented in this study less effective over time. Continuous monitoring and adjustment are critical to ensure the continued relevance of results. Despite these limitations, this study provides a valuable basis for understanding the current challenges facing the streaming services industry. Recognizing these limitations, the study emphasizes its role as a springboard for further research and emphasizes the need for continued analysis in this rapidly evolving market.

2. LITERATURE REVIEW

1. Subscriber Count Graph: These are some examples of subscriber graphs of two popular streaming services Disney+ and Netflix as it shows the graphs to be in a stagnant/ declining phase right after 2021 just around when price hikes were announced, Netflix cracked down on password sharing and Disney+Hotstar the Indian subsidiary of Disney+ lost rights for the IPL live streams. With these services losing their main selling points subscriber growth has decreased as these companies chase for revenue more.

2.JD Power Report: These graphs sourced from a Survey taken by JD Power discusses two important topics that are covered further, the first one being the availability of number of streaming services that has significantly increased in the last few years that has led to cases of subscriber fatigue as well as demand for niche content with less response towards it. The second one being user satisfaction with their purchased services declining mainly because of lack of uniqueness towards rise in prices, alternatives as well as difficulty level in finding content.

3.Streamflation: Streamflation refers to the rise in prices of streaming service subscriptions. It has been occurring in the recent years as each year nearly 25% increase in price is recorded every year according to Wheelan 2024.

4. Subscriber Fatigue: Refers to the frustration by subscriber due to the number of services available just to access niche content.

3. RESEARCH METHODOLOGY

Cultivating such type of data relies heavily on the procurement of consumer responses in order to support and provide proof for the topic. As the response towards this issue is largely public opinionated, numerous sources are available such as reports, articles and many more. However, in order to be updated with recent consumer insight, a survey was chosen that consisted of questions pertaining to the current scenario of streaming services. To create a report that is based on results from a Primary data source it is important to make sure that the data procured is precise, accurate and safe to use in the report and to achieve this a proper sampling design blueprint should be created so that the responses gathered are diversified as well as supportive and essential to the topic of the report. Before choosing the

type of sampling from a plethora of methods available it is important to keep in mind a few factors such as topic relevance, size of population and survey objective. For this survey the sample chosen were subscribers to streaming services. The sampling type used is a form of stratified sampling where the pre-defined group are subscribers to streaming services whom have a range of different problems towards streaming services. The form of survey that was released was an online survey method chosen for its unlimited reach around the world aswell as efficiency and effectiveness towards finding results.

3.1 DATA ANALYSIS

Below are responses to the questions asked in the survey from which we shall observe and formulate interpretations from each question
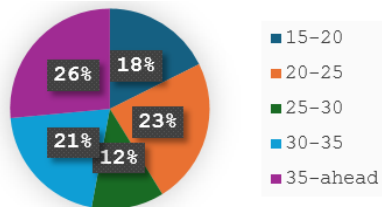
AGE

Fig 2:Age of Respondents

Interpretation: A crucial question to divide the age between population this provides us with a proper insight into which age groups purchase these services over others. From the above data the majority 26% being older than 35 is a predicted score as they are the most financially secured enough to purchase these services but the runner up 23% being ages from 20-25 also showcases that these 2 age groups are the targeted audiences towards these services with 20-25 having more of a knowledge of these services as well. The minority being 15-20 and 30-35 with 18% and 12% respectively shows that they are the lesser consumers of the services probably due to certain reasons The demo graph between 15-20 have their academic years which could suggest the lower minority in being subscribers to these services but they are still viably present.

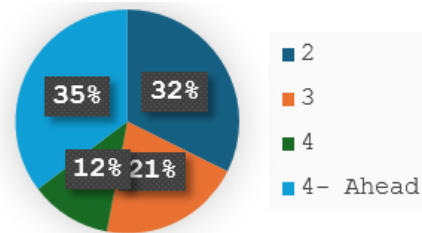NO. OF STREAMING SERVICES USING CURRENTLY

Fig 3:Amount of streaming services used by Respondents

Interpretation: Since availability of alternatives has been increased in the past few years it was essential to see how many streaming services just a single individual owned and sure enough the highest answer ended up being the majority with 35% of the population using more than 4 services. The second majority which was 32% owned only 2 streaming services which is likely due to the effects of subscriber fatigue. The remaining 21% and 12% used 3 and 4 services which again are not a short number. For the sheer amount of content available across these services has now put consumers into buying multiple of the services just to access a few shows they can't find elsewhere, distribution of licensing is a major problem here according to Benveniste 2023.

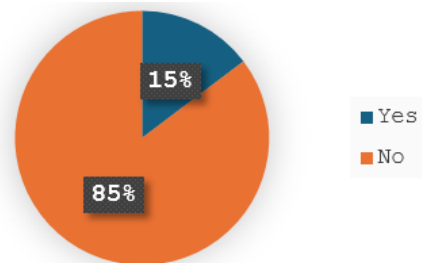RESPONSE ON ADS INTRODUCTION IN STREAMING SERVICES

Fig 4: Response to Ad introduction

Interpretation: It was expected that the majority would respond negatively towards any form of ad introduction. One of the things that first drew people to streaming services was the removal of the advertising experience. Many customers switched from linear television to streaming services like Netflix in order to view shows without interruption. It completely changed the on-demand media market while providing consumers with a brand-new experience according to Benveniste 2023 .Customers are always surrounded by ads through any media they consume be it YouTube videos, Social media, TV etc. Streaming services was the only form where they could escape and experience ad free content for once only to be met with the same reason they chose to withdraw from cable TV which has now led them to

either withdraw from the service or purchase more expensive ad free subscriptions.
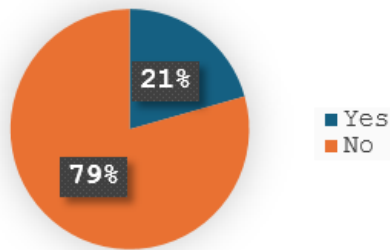
RESPONSE ON RENTING MOVIES IN STREAMING SERVICES:

Fig 5: Response to renting movies

Interpretation: Another predicted move by consumers was their negative reaction towards the potential introduction of renting movies which has already begun in places like India where Amazon Prime offers rental movies. Renting movies has been a practice of the old times and is quite out dated moreover a subscriber would hope to find the content they subscribed and not pay even more just to access a niche content for their viewing.

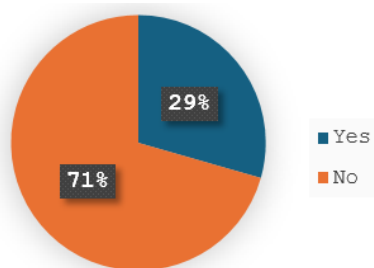RESPONSE ON PRICE HIKES IN STREAMING SERVICES:

Fig 6: Response to Price Hikes

Interpretation: This proves that consumer sentiment towards the pricing increase is still going to be negative with the 70.5% majority voting against this move. Services are not being able to set their prices correctly due to rise in competition as well as lack of certain standards. Is streaming supposed to be expensive or cheap? Where does it fall in the price band? With no reference for the growing industry, they rely on this experiment to determine value of their product and answer their questions. Even if revenue per subscriber grows the number of subscribers lessen as well implying an inverse effect.

4. OBSERVATION AND FINDINGS

Based on the released graphs and the questionnaire responses, it is evident that the majority of these services have had to raise their prices in response to inflation and increased competition. Additionally, these services are increasingly prioritising revenue over subscriber count. This change has occurred at a time when most streaming services are heavily indebted, according to Anthony Palomba, a professor at the University of Virginia Darden School of Business in the US. This is a result of the money these businesses have spent on content acquisition, licencing fees, and other expenses in an effort to grow their libraries and rival other services provided in the market. The subscribers will cover the expense as they are now looking for a return on their investments. According to Benveniste 2023. However, it is to note that from a local approach India has not been subjected to this price hike yet and has been branded a "big prize" as many are trying to crack into India's audience through mobile plans however still proving expensive to the Indian audience. As consumers display their outrage and even their discomfort towards these decisions, these industries turn a deaf ear towards them and continue on with their decisions instead of listening to the consumers. Consumers also have had a tough time with content availability and cancellation of series. Series that are widely loved and establish fandoms get cancelled and borne public outrage. A great example is the case of Warrior Nun whose fanbase were outraged that Netflix had cancelled the series after 2 seasons. There was an incredible fan push to save Warrior Nun. Ads were purchased opposite the Netflix headquarters. They created charts illustrating viewer demand in an attempt to disprove Netflix's decision. To get the show trending in some way almost every day since it was cancelled, they created fresh hashtags according to Tassi, 2023. Ever since 2019, there has been an increase of availability of services as seen on Figure 5 pushing consumers to purchase most of them just to watch a few shows. This has been pressuring most of the players in the streaming service industry causing them to take drastic measures as discussed above. With the availability of so many alternatives it is causing subscriber fatigue among consumers as well. There is also the issue of content hopping where content that aren't original is frequently switched between services causing rise in purchasing of OTT platforms just to access a few shows. This just increases unnecessary costs as from the survey we can see they leave services after only watching a few shows they wanted to. Furthermore, the reason pressure arises as content that are USP's of most services end up getting shifted to their original studio owned service causing rise in subscribers

leaving the service altogether. A great example can be the Live viewership of IPL leaving Disney+ Hotstar and shifting causing a huge drop in Indian Subscribers as most subscribed for that content only. A big drive towards the price change was the introduction of ads in the services which has been received negatively by consumers Viewers' entertainment experiences may be going full circle: despite signing up for streamers in part to avoid ads, those customers will have to end up paying for the same ad-filled experiences as traditional television with the cost of continuous viewing is rising according to Benveniste 2023. It's obvious from the above reasons that instead on acting on what consumer desires the industry are using them as lab rats to check response towards their decisions and have converted "consumer as king" to "consumer as experiments". Without heeding responses, they make decisions on their own and check the impact that it causes.

5. RECCOMENDATIONS

1. In order to combat Price hikes and cover debt these industries can explore providing different tiers of pricing that provide content as per the money value states limiting content to cheaper tier while providing more to expensive ones and even if they are firm on pressing ad supported subscriptions, they should ensure that it isn't used parallel to the cable days and focus on limiting ad showcases as most they can. Meanwhile they can slow down on pumping content and put focus on mostly the running shows that are popular on their platforms while licensing on the side as well. Transparency with the consumers about the price hikes is also a good solution so that it can be conveyed to them officially reasons for the price rises.

2. Another great option is releasing movies with big budget or big-name actors/directors on the big screen which is something many subscribers have advocated for which and provides great opportunity to earn expenses back and even spread popularity about the content as well as the service as well.

3. Next these industries can focus on setting a certain number of standards and that can fare across each service while also following their own unique style as the industry is relatively new and does not have anything to reference from and focus on establishing their standards as this is an industry which will be staying here for the next few years.

4. Instead of experimenting with the consumers, these industries should form a two-way communication system garnering feedback on certain topics and even following show popularity fans to influence their decisions on show cancellation and pacing. In return these industries should as mentioned above be transparent about most of their decisions to improve public understanding.

5. As for competitor pressure these can meet with each other and focus on co-survival in the industry by co-licensing and co-producing most of the content which can also reduce expenses and costs. One major strategy that is currently had a positive reception was service bundles where services provide subscriptions of multiple services in a single bundle which saves costs and provides access.

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