

Causality Exploration of Paradigm Shift in People Preferences to OTT Platforms During Pandemic: A Mixed Study

Monirul Islam*

*Xavier Business School (XBS), St Xavier's University, Kolkata, India
moni05081985@gmail.com
ORCID: <https://orcid.org/0000-0003-2265-3558>

Article Type: Article

Article Citation: Monirul Islam, Causality Exploration of Paradigm Shift in People Preferences to OTT Platforms During Pandemic: A Mixed Study. ISBR Management Journal. 2021; 6(02), 1-14. DOI: 10.52184/isbrmj.v6i02.117

Received date: October 16, 2021

Accepted date: December 21, 2021

***Author for correspondence:**
Monirul Islam ✉ moni05081985@gmail.com 📍 Xavier Business School (XBS), St Xavier's University, Kolkata, India

Abstract

The COVID-19 pandemic continues to distress the Indian economy across verticals and sectors, including the entertainment industry. These sectors have been witnessing massive disruptions over the past few months across the consumer value chain. Due to the increase in complexities in living standards, individuals are exploring alternatives for entertainment. Less available time for family, more workload during weekends, less vacation is some of the factors people are staying away from visiting cinema halls. We have also observed radical changes in consumers' behavior, perception, preferences during and after the lockdown as they have continued to study and work from home. This study focuses on the changing consumer preference to OTT over traditional mediums of media viewing such as cinemas and multiplexes. While a silent trend over the last 3 years, it has been accelerated due to the ongoing pandemic. OTT, or Over the Top, refers to mediums offering television and media consumption over the internet. While the shift is visible, this project aims to enlist the reasons for this change and the factors that drive it. In this context, the author is making an attempt to explore the root cause of the Paradigm shift of people's preferences to OTT Platforms versus Multiplexes during pandemics. Primary and Secondary data are the main sources for collection of data. The secondary data are collated and compiled from both published and unpublished resources.

Keywords: Customer's perception, Consumer behavior, Over the Top, Entertainment industry

1. Introduction

COVID-19 has profoundly transformed the world. As brands acclimatize to the "new normal," they have to interchange and transform to an agile business model to minimize interruptions in the future as well. India is a cinema-crazed nation of billions. It is one of

the largest cinema hubs in the world with a staggering show of glamor, glitz, and drama. The city of Mumbai is especially known for Bollywood and has mostly all the renowned actors residing in Mumbai. Now, coming to the main part, the Entertainment Industry is a huge industry in India. People are very keen on watching tv series, web series, movies, and plays as it counts in as a major source of entertainment for them. The media and entertainment industry of India is expected to reach a mind-boggling \$ 2.2 trillion by the year 2021[NASSCOM]. India being the largest consumer of mobile data reflects the amount of time invested by Indians in entertainment. India at the moment is the world's fastest-growing OTT (over-the-top streaming) market. With the whole world suffering from Covid-19, it was not feasible for the government to keep malls and movie theatres to be accessible. This made the government take the country under a strict lockdown and the people had only one source of entertainment in the form of Netflix, Amazon Prime, and some other OTT Platforms. This also shows the craze Indians have for theatre in India and how the nation is crazy about two things, Theatre and Cricket. According to a report, the OTT sector in India witnessed a 30% rise within the number of paid subscribers, from 22.2 million to 29.0 million between March and July 2020. Hindi language content accounted for >50% of the general streaming in April–July 2020.

Overall, the highest five metro cities accounted for 46% of the entire OTT video platform users, while Tier I cities accounted for an additional 35% of users in July 2020. The OTT and traditional mediums have the long run as parallel economies, where content is screened on traditional mediums first, later pumps revenue from OTT platforms as a consumer choice based library of media. The revenue models are contrasting in nature. OTT—runs on subscription fees, monthly/yearly or based on network provider bundles sold to consumers. Additional revenue is roped in from brand partnerships and associations. Traditional media—follows the age-old pay-per-view format where a transaction is followed by a unit viewing experience validated by a ticket or pass. Additional revenue is roped in from food & beverage services at the viewing venue along with the sale of merchandise. This study is established against this backdrop.

1.1. Major OTT providers in India

1. Netflix
2. Amazon Prime
3. Hulu
4. Hotstar
5. Zee5
6. Hoichoi
7. Voot
8. Disney+
9. Apple TV+
10. Sony LIV

Other traditional forms of media: Televisions, Cinemas, Multiplexes, Theatres (Single Screen).

The OTT platforms took advantage of the lockdown situation, when multiplexes were closed, to launch several new content or features. This enabled them to gain more subscribers as the multiplexes were shut down and people who love to watch movies would not give up their hobby especially in the leisurely lockdown period.

Some OTT platforms also added another feature, wherein one could watch a few movies or web series without having to subscribe to that particular platform. Another feature was added, that enabled the customers to pay for a particular month or two and enjoy the content, instead of having to pay for a whole year or at least six months

1.2. Background of the study

The theatre experience is irreplaceable as it is a very wholesome experience. The films that are planning to move to OTT platforms have been made for theatrical viewing. They can't be watched on your phone to get the full impact of sound effects, VFX, story, etc. OTT is a captive audience for small budget films. OTT guarantees a wider audience for smaller films with less saleable names. There can be many movies or web series that do not have a hefty budget to make a blockbuster movie but they can use OTT platforms to gain recognition. Many short movies use platforms like YouTube and Dailymotion to release their movies.

Below chart shows the market share of various platforms and their market share in India for the year 2020. Netflix is an American brand that has drastically increased its market share in India. This is all because of the quality of content which Netflix is providing for its users in India. Netflix is priced a little on the higher side.

The brand has amazing shows like Sacred Games and Mismatched which has helped boost raw talent in India. The same goes for Amazon which has a huge variety of shows and movies. Actors like Vikrant Massey, Manoj Bajpayee, Nawazuddin Siddiqui, and many others have got a huge amount of respect and recognition for their acting in the newly launched web series on Amazon Prime and Netflix.

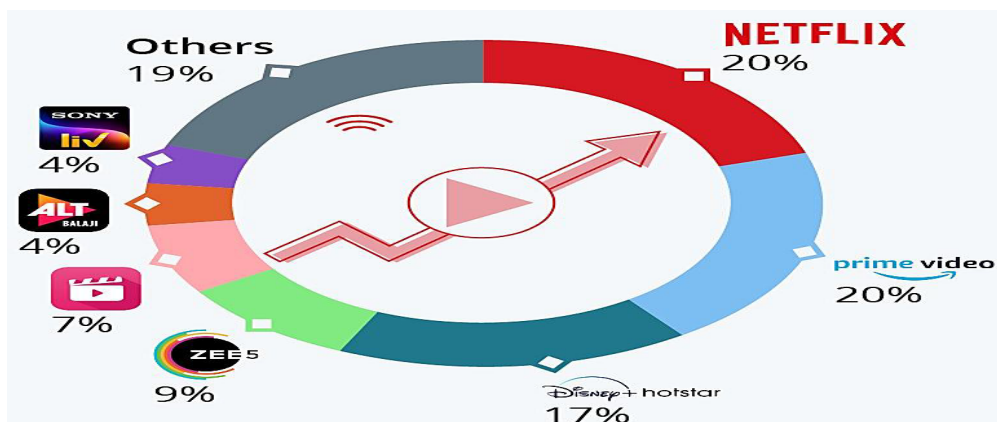


FIGURE 1. Market share of various platforms 2020. Source: Statista 2020.

2. Problem Statement

What are the reasons that have influenced the consumer shift to OTT platforms over traditional forms of media consumption?

3. Methodology of the Study

Qualitative—Using secondary data from the following:

- Consumer digital consumption data 2019: Report by Grabyo
- Advertisement Collective by Network Service providers 2020–2021
- India OTT Consumption 2020: Report by PWC
- Consumer Internet Report 2020 by Statista
- Historical and statistical documents, Business documents and Technical and trade journals.
- The secondary data is researched on the basis of information gathered on how the different OTT brands have adapted marketing strategies during the COVID-19 lockdown period.

With this data, the author was able to analyze how these OTT brands took advantage of the lockdown period, when multiplexes were shut down, to gain more subscribers, thereby shifting people's preferences towards the OTT platforms.

4. Results

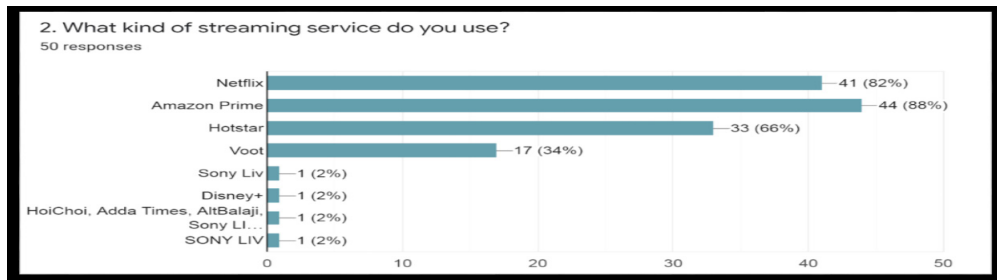
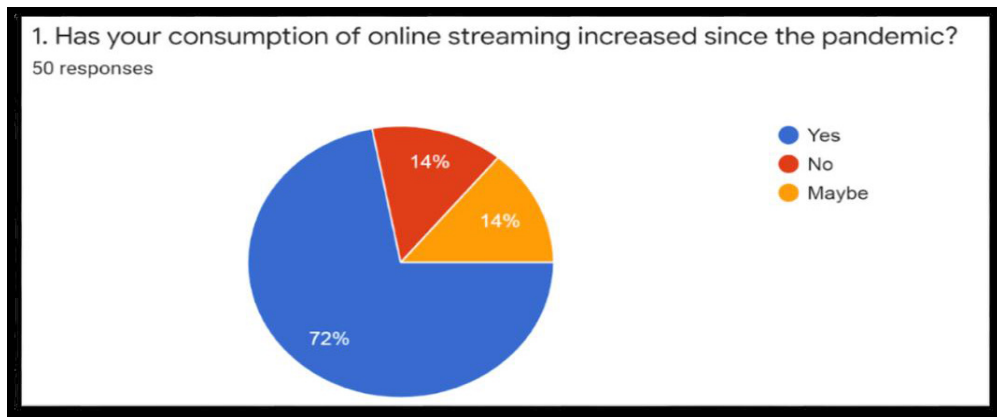
The primary data collected from a pool of 50 people have reflected some findings and these will now further be analyzed. The questions which were asked to the people were:

1. Has your consumption of online streaming increased since the pandemic?
2. What kind of streaming service do you use?
3. Do you find online streaming more convenient than multiplexes?
4. How much are you willing to spend on OTT Platforms?
5. What do you use your subscription for the most?
6. Is streaming online cheaper than movie theatres?
7. Do you feel your privacy is hampered in movie halls?
8. Is it more comfortable watching content online than offline?

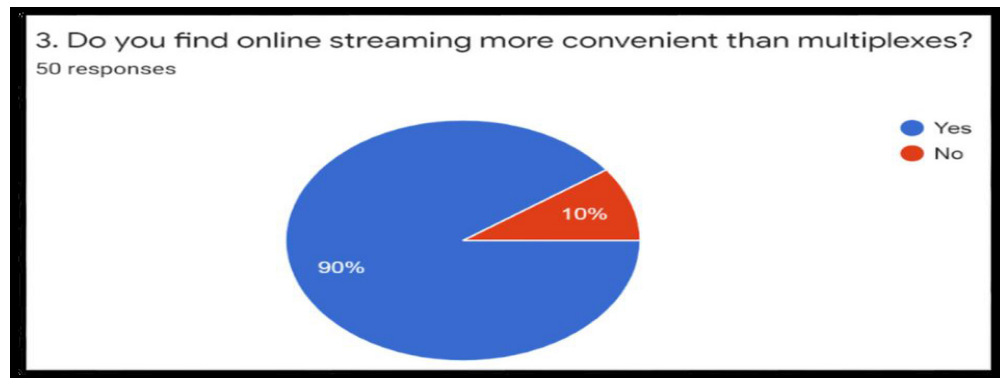
All the above-mentioned questions cover most of the data required to analyze the reasons why people are shifting from OTT to movie theatres. The following is the analysis of each question asked and the responses received:

1. The first question reflects on how mostly everybody has started streaming online more during the lockdown as they did not have much to do. Even the people working from home were saving time which made them more entertainment hungry. Out of the 50 people, 72% have said that yes, their consumption of online streaming has increased

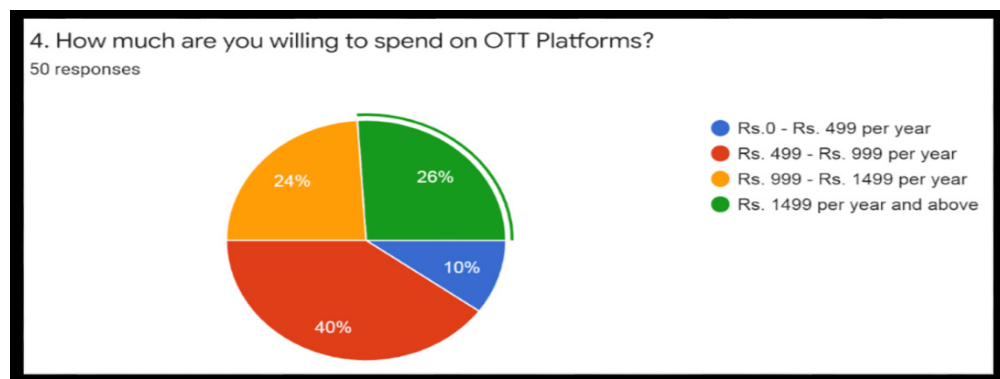
since the pandemic. Another 14% feel that it is still the same and the rest 14% are not sure if their consumption has increased or not.



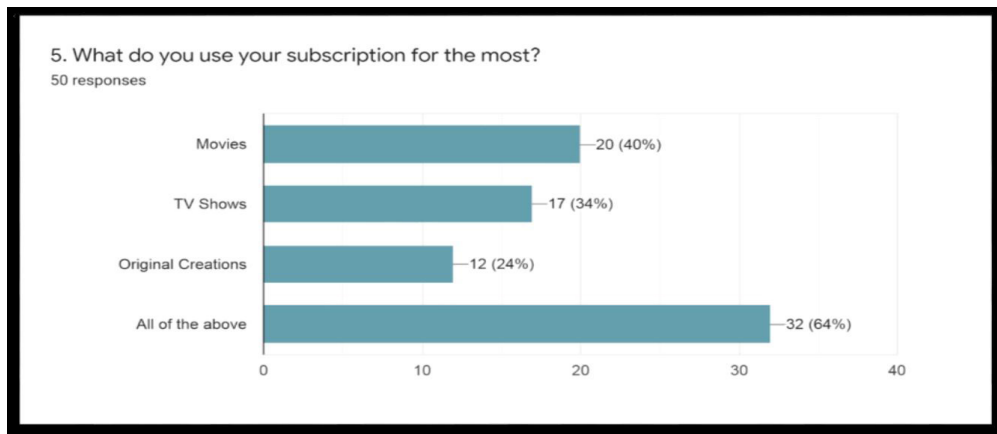
- The data received from the second question tells us about the various OTT platforms which the people are using. There is somewhat competition between two big players, Amazon Prime and Netflix where 82% of the users have said that they use Netflix and the 88% of the respondents revealed that they use Amazon Prime. This data also reflected that many respondents use Hotstar (66%) and Voot (34%) for their dose of entertainment. The data received shows that Sony Liv and Alt Balaji are emerging OTT Platforms because of the variety of content.
- The data received from the third question shows that the respondents find it more convenient offline than online. A whopping 90% of people feel that it is more convenient to watch content online than offline and this also proves that our problem statement is on the same lines. The reasons for this kind of data might be linked to the privacy concerns of people when they go for an offline experience.



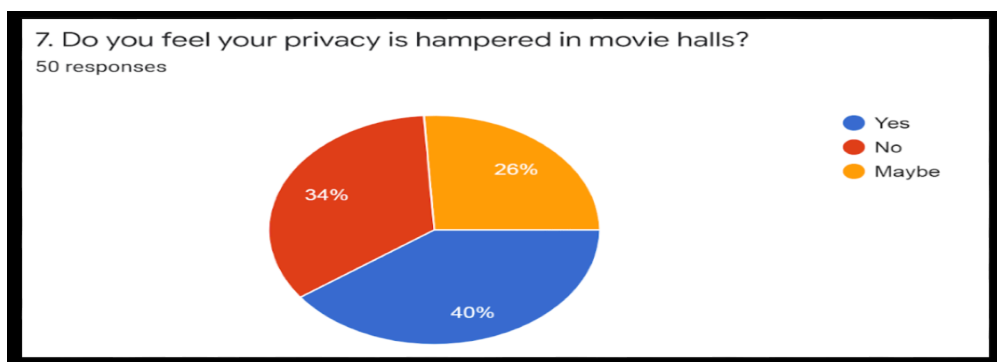
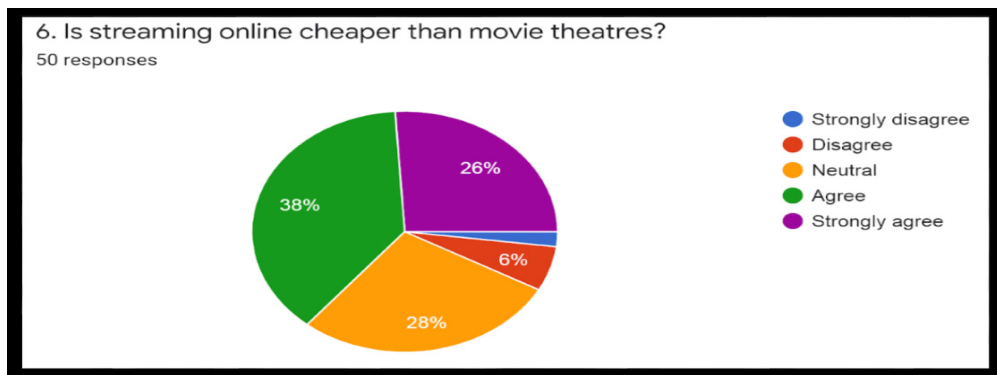
4. The data received from the fourth question tells us that the OTT platforms are much cheaper for people. Around 40% of the people are willing to spend around Rs. 500 to Rs. 1000 in a year and this is very cheap for a platform that gives a huge amount of variety of content. Another 24% and 26% of the respondents are willing to spend upwards of Rs. 999 and Rs. 1499 respectively.



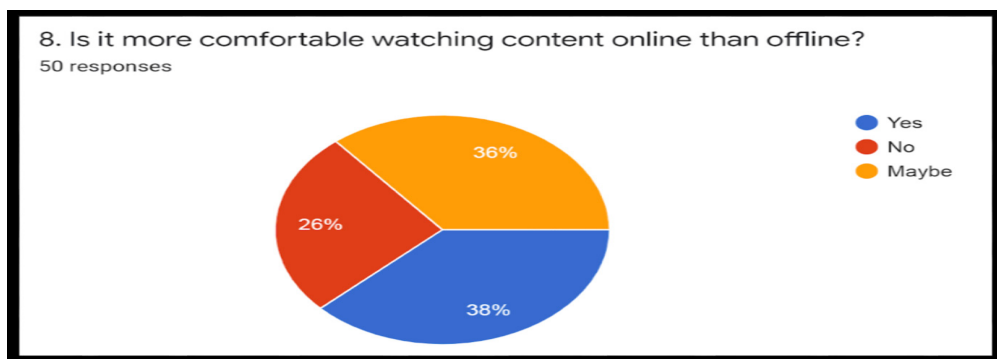
5. The fifth question reflects that people are most interested in all types of forms of entertainment like movies, TV shows, and Original Creations. The original creations have suddenly become very famous like Netflix Originals, Hotstar Specials, and Prime Exclusives. Shows like Sacred Games, Special Ops, Breathe, Mirzapur, and many more have taken the whole OTT platform to another level.



6. The data collected from the sixth question reveals that the respondents find it cheaper to watch movies and content online than offline. The offline experience is not taken as a factor of consideration here. The cost of watching a movie offline on weekends can be upwards of Rs. 500 and with food can even touch Rs. 1000. Now, for this amount, a whole year's subscription can be purchased. Around 38% of the people agree that it is cheaper to stream online.



7. The data collected from the seventh question gives a green flag to another reason as to why people are shifting from Movie Theatres to OTT Platforms. Around 40% people of people feel that their privacy is hampered in movie halls. They have the fear of being judged or being stared at. They feel more comfortable at their place in their comfort zone.
8. The data collected from the eighth question can show us how people are more comfortable watching content online than offline. This is mostly because of various factors like cost, comfort, convenience, easy accessibility, and much more. But there is a twist to this too. Around 26% of the people have agreed on saying that it is not comfortable to watch content online and this contradictory statement can be there because of just one factor that is the offline experience. The lighting, the sound system, and the overall experience of watching your favorite movie at the theatre cannot be compared to online platforms.



5. Secondary data analysis

5.1. Preferential economy projection

While OTT and traditional mediums are parallelly operating and reaping benefits, the current data captured by Grabyo shows that 49% of the surveyed population has a clear inclination to OTT, only 13% plan to continue paying for traditional mediums. This puts OTT preference at 87% with 25% planning to shift in the next 5 years.

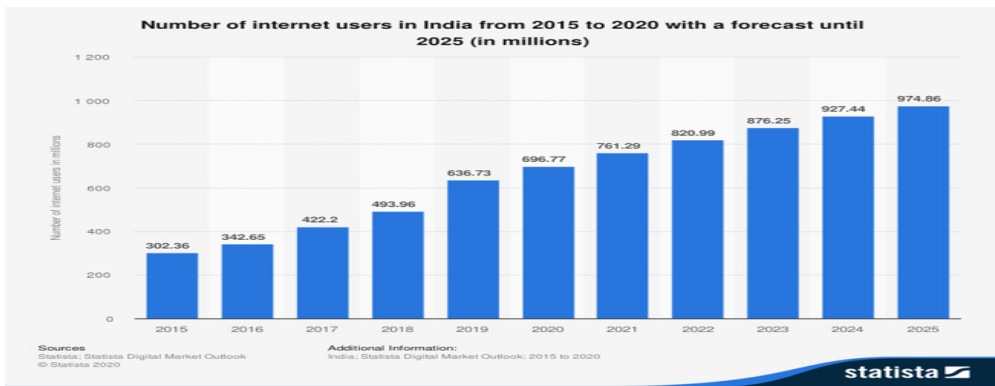


FIGURE 2. Growing internet penetration. Source: Statista

The entire premise of OTT rests on the availability of the consumer to access the internet services in the region they reside in. The growing #Digital India program coupled with cheaper data rates and infrastructure has led to a 151% penetration growth from 2015 to 2021 bringing active internet users from 302 million to 761 million.

Jio Fiber

FREE 30-DAY TRIAL

IF YOU DON'T LIKE IT, WE TAKE IT BACK, NO QUESTIONS ASKED

Try Truly Unlimited 150 Mbps Internet & 4K Set Top Box with subscription to 10 paid OTT Apps

ONE-TIME REFUNDABLE AMOUNT APPLICABLE

INTRODUCING NEW JIOFIBER PLANS

- TRULY UNLIMITED INTERNET
- GET ALL 12 PAID OTT APPS AT NO EXTRA COST
- PLANS STARTING AT ₹399/MONTH
- SYMMETRIC SPEED: UPLOAD SPEED=DOWNLOAD SPEED

BOOK NOW

PLAN	₹ 399	₹ 699	₹ 999	₹ 1499
TRULY UNLIMITED INTERNET	30 Mbps	100 Mbps	150 Mbps	300 Mbps
UNLIMITED VOICE	✓	✓	✓	✓
OTT APP SUBSCRIPTION INCLUDED	—	—	11 APPS WORTH ₹1000	12 APPS WORTH ₹1000

FIGURE 3. The Jio Bundle. Source: Jio.com.

One of the prime factors for the growth of OTT platforms has been the bundling of OTT services with ISP (internet service provider) plans. Users gain access to these OTT plans by simply recharging a single tier, and this provides access to OTT platforms instead of paying separate subscription fees to individual platforms.

This move has also been adapted to mobile networks and mobile only OTT application use for lower fees.

- **Affordability**—The average price of a movie ticket in 2019 was Rs. 150, which gave the consumer the right to watch a single title in an external environment by himself only. Each additional viewer/company would be required to buy a separate ticket at the same price. The same user can pay Rs.129 per month and watch unlimited titles with as many

people, in a setting of their choice minus the F&B expenditure. This contrast has been a key driver to shaping the OTT ecosystem in India.

- **Portability**—The consumer requires to travel in case of traditional media and conform to strict guidelines and timings to watch a single title. This includes cost of travel and conveyance. Also presents the consumer with scheduling challenges. OTT disrupts the game, by providing content at the time and place of the viewers choosing and zero travel. This makes it a no brainer for the user to get onto the OTT bandwagon.
- **Freedom of Choice**—All titles that are screened at a single screen theatre or a multiplex require censor certification for the sensitization of its content, and accorded a rating. This practice refrains a lot of independent creators from getting their progressive content to the masses. OTTs bypass that process to a huge extent, thus providing the audience a new flavor of content which has been a major factor for OTT growth in conservative markets like India.
- **Extensibility**—The number of films that a multiplex can screen is limited by the number of physical displays it has. A consumer at any point in a good week has access to 6 to 10 titles to choose from. OTTs on the other hand boast of a database in the 1000s at any single point. Netflix India has 4700+ titles on access for the price of 4 movie tickets at a multiplex. Amazon Prime has more than 3000 at the monthly rate of one movie ticket of Rs.150.
- **Variety of Content**—Traditional media requires a higher marketing cost for producers to release content, which restricts the release of other types of media like podcasts, series and documentaries. This impetus on newer media draws eyes and revenue to OTT unlike traditional media.
- **Higher Marketing Budget**—OTT platforms being relatively newer in the country are targeting the masses with higher ad spends than traditional media. Netflix alone spent in 1.45 billion dollars in 2020 in advertisement expenditure which does not include additional customer acquisition costs.
- **Social Connect**—OTT platforms leverage viewership using social pop and meme culture which is a key driver for consumers. People do not watch simply what they like, but what is trending and the players on the internet leverage that best using social media.

5.2. Case in point—Covid 19 year

2020 has been a pivotal year for OTT platforms and a unique time where OTT revenue overtook box office revenue for the first time. Q2 of 2020 witnessed a 30% rise in OTT subscription services between March to July, growing the subscriber base from 22.2 million to 29 million active paying users.

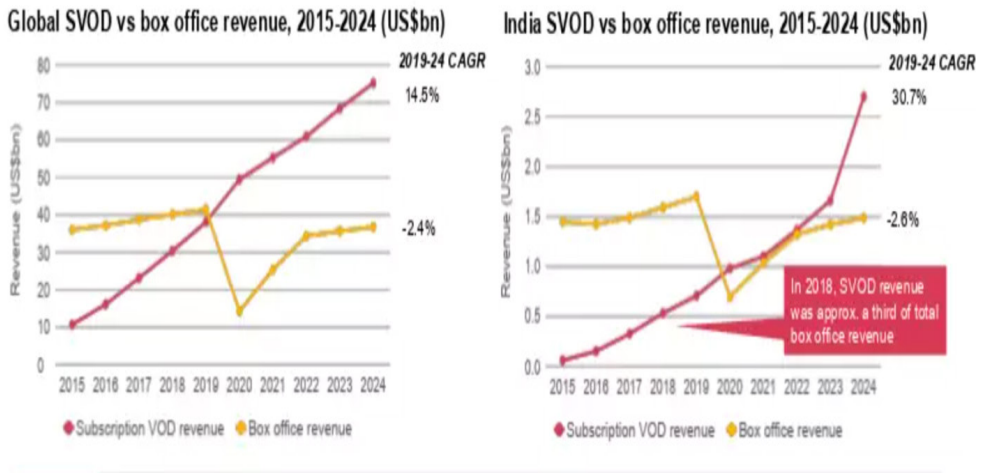


FIGURE 4. India Vs Global VOD. Source: NASSCOM.

VOD or Video on demand services showed a growth of 30% which brought in a revenue of approximately 2.6 billion dollars from India, while traditional media shrunk due to seven months of complete shuttering of multiplexes and theatres following COVID protocols. This led to exclusive releases on OTT for the first time ever in India by mainstream houses which added value for customer shift.

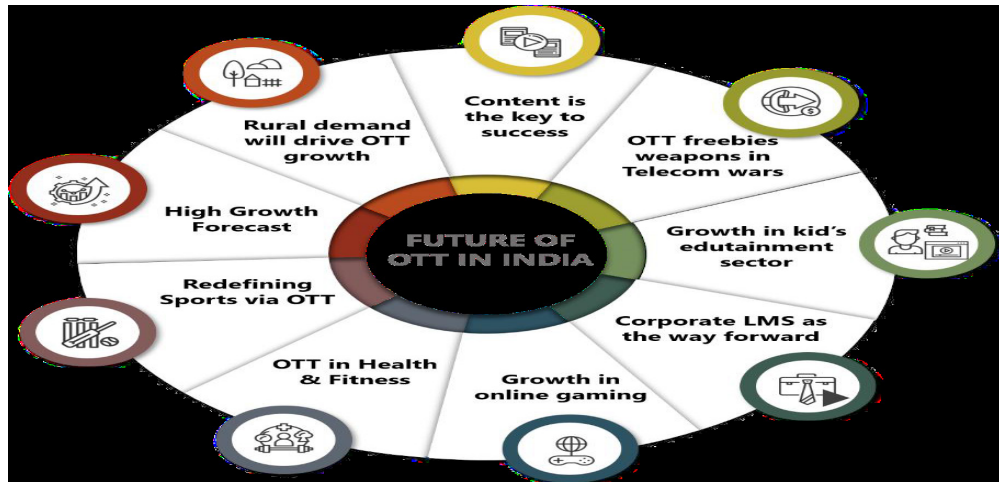


FIGURE 5. Future of OTT in India. Source: Economic Times (2021).

6. Managerial implications

This report outlines the primary change drivers for shift from traditional media to OTT.

The key factors identified have been:

1. Affordability, freedom of choice, extensibility, portability, variety of content, higher marketing budgets and social connect.
2. The Digital India campaign in lead by frontrunners like JIO have led the higher penetration rates to enable this.
3. The younger earning population is leading the shift in households in India.
4. Only 13% plans to continue paying for traditional services in the next 5 years.

The report puts further impetus on the pivotal 2020 pandemic year which has had the most extensive shift due to lack of availability of traditional mediums to the end user. The future scope of this study could be to explore the revenue models of OTT platforms in a post pandemic scenario and look into partnerships with traditional mediums to enhance user connect and customer delight through innovation. The pandemic COVID-19 has disturbed the clout that the likes of big multiplex chains such as PVR, INOX, and Carnival have enjoyed in India till now. A filmmaker would usually be at the mercy of the chain of distributors, for a film's release. But now there are more players. Even if it doesn't help them monetarily, a platform for their film could result in any future development, and that might automatically result in more films.

Covid-19 has been instrumental in increasing the consumption of the OTT platform. Since the world is struggling with the consequences of a global pandemic, most of the public gatherings were either prohibited or restricted. As a result, the production of new films, TV shows, or even the hosting of sporting events was severely affected. OTT allows users to find and watch videos on demand.

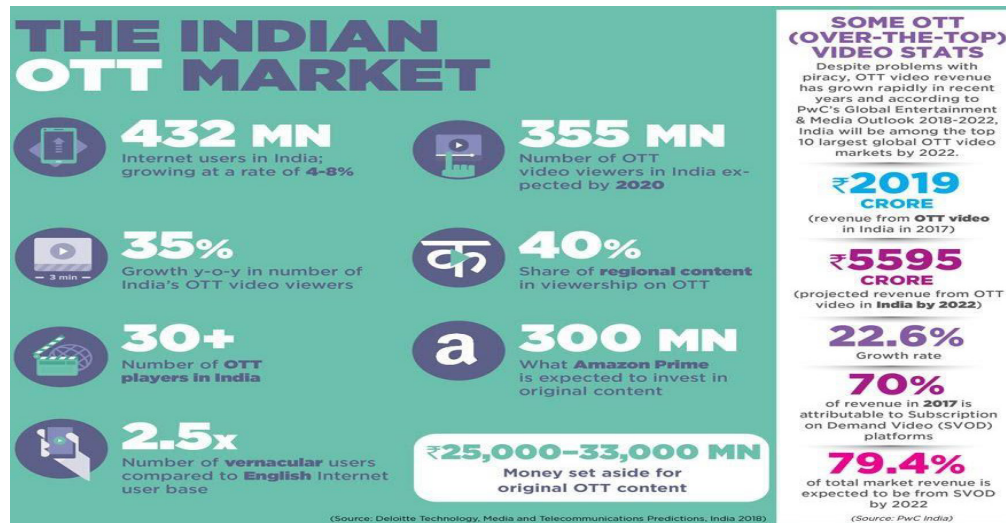


FIGURE 6. Valuation of Indian OTT market. Source: ibef.org.

The OTT market is segmented into advertising video on demand, subscription video on demand, and freemium and transactional video on demand. The market remains highly focussed on the ad-based model, where advertisements drive revenues; however, the subscription-based market continues to grow significantly

In 2019, Netflix announced a mobile and tablet-only plan for just Rs. 199 per month to capture new subscribers but even despite this new plan, Netflix is a little expensive for the people who want to view it on their TVs and Laptops.

In May 2020, Amazon Prime Video announced the direct-to-digital release of a couple of Indian movies and ZEE5 also announced that its lined up 15 direct-to-digital releases for FY21.

These pricing and direct-to-digital release strategies will help the OTT platforms to extend their customer base. Also, to urge more paid subscribers, OTT players got to offer affordable plans, customized language packs, along with side mainstream plans.

Though streaming English content has been limited to popular international TV series and films, most platforms are focussing on sharing original content in local/native languages.

OTT platforms like Disney and AT&T are focussing on OTT content delivery to supply customers with exclusive services, while key national players like Zee and ALT Balaji.

OTT platforms have helped keep the sanity intact in these difficult times by being a major source of entertainment. However, the real test is customer retention achieved not just with great content but also great technology.

7. Conclusion

From the above survey, it is clear that the OTT platforms are leading the way in terms of people's preferences, while multiplexes have lost their way. Consumer preference is different at different age groups. The younger Gen Y and Gen Z being most of the decision makers and earners in the modern economy, have taken a huge interest in OTT consumption which is reflected by data in 2020 showing OTT preferences across age groups. Over 90% of the respondents have chosen OTT platforms instead of multiplexes on grounds of:

- Convenience
- Comfort
- Expenditure
- Privacy

Now, the Government drive for "Digital India" has also added fuel to the situation by helping even the most remote villages in the country to stay connected to the internet. This extraordinary development of a digital ecosystem in India is taking place in sync with advent of OTT in the country. The audience also plays an important role by valuing good content which in turn paves the way for the growth of media housing venturing in the OTT platform.

Multiplexes on the other hand, has only one advantage over the OTT platforms by providing the ideal ambience for movies with special effects. Some big banner movies like "83", the Ranveer Singh starrer biopic of the former world cup winning Indian captain Kapil Dev has not resorted to release the movie in OTT platforms. Films like "83" and "Sooryavanshi" are still waiting to be releases in the theatres. While some movies like the "Jurassic World Dominion" has been pushed back to be released in 2022, cancelling the original release date 11th July 2021.

References

1. <https://community.nasscom.in/communities/digital-transformation/telecom-media-communities/future-of-ott-in-india.html>
2. <https://brandequity.economictimes.indiatimes.com/news/media/55-of-indians-prefer-ott-platforms-vs-41-that-still-prefer-dth-momagic-survey/70858815>
3. <https://www.313media.in/blog/viewpost.php?id=298>
4. <https://www.ibef.org/blogs/india-s-ott-market-witnessing-a-rise-in-number-of-paid-subscribers#:~:text=The%20Big%20OTT%20Market,Hindi%2C%20on%20the%20OTT%20platforms.>
5. <https://www.statista.com/statistics/255146/number-of-internet-users-in-india/>
6. <https://about.grabyo.com/wp-content/uploads/2020/03/Grabyo-Value-of-Video-Report-2020.pdf>
7. <https://www.livemint.com/news/india/india-is-the-world-s-fastest-growing-ott-market-pwc-report-11603355739242.html>
8. https://www.researchgate.net/publication/343473867_A_Study_OTT_Viewership_in_Lockdown_and_Viewer's_Dynamic_Watching_Experience
9. <https://www.outlookindia.com/newscroll/3-in-4-indians-prefer-watching-movies-on-ott-platforms-survey/1891704>
10. Financial Express, 2020. "Now streaming, more than ever: Netflix, Amazon, others need to up their game". Apr 6, 2020. -<https://www.financialexpress.com/industry/technology/now-streaming-more-than-ever-netflix-amazon-others-need-to-up-their-game/1918370>
11. <https://www.thehindu.com/news/cities/mumbai/stuck-at-home-more-people-are-streaming-web-series-than-movies/article31177361.ece>

Industry Reports

- Consumer digital consumption data 2019: Report by Grabyo
- Advertisement Collective by Network Service providers 2020-21
- India OTT Consumption 2020: Report by PWC
- Consumer Internet Report 2020 by Statista