

State of the Stream

After a year where Americans spent more time than expected inside and many of those hours in front of the screen (big, small and pocket sized), it is a "prime time" to deep-dive the streaming landscape.



Limited outings left many seeking comfort and entertainment in the safety of their own homes. And streaming services answered the call.

From the early-pandemic fascination with Tiger King to traditional networks getting into the game with new hybrid services like Peacock and HBO Max to theater releases streaming directly to home from day one, the pandemic has reshaped personal entertainment and provided expanding opportunities—and competitors—for the industry.

As the lockdown lightens, it is critical that streaming services understand consumer sentiments now that so many have sampled their options.

Less Might be More

With over 200 paid services available to US consumers and a new service seeming to pop up every day, the streaming market has entered a new phase of its relatively young lifespan.

New research from G/O Media Insights show that 7 in 10 streamers report that they feel there are now too many services.

And here is a harsh reality for streaming services: over half of streaming consumers say that their maximum number of services is 2 to 3 or less.

More than half say they have already cancelled a service they signed up for.

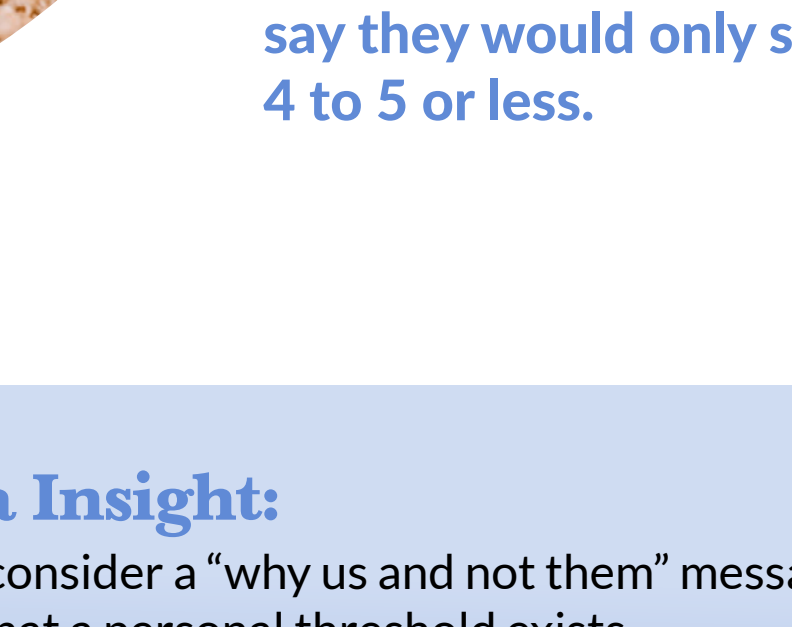
Every service is competing for a limited amount of money and more importantly, time.

“I rotate them. No sense in subscribing to one service forever. One month Hulu then one month Netflix then one month Amazon. I’m not canceling because I dislike it, it’s just not your turn.”

So how do services build loyalty and improve the overall streaming experience?

In some cases, loyalty can be bought relatively easily. The concept of the endless rewatch of the super-comfort show is well-known anecdotally.

Me: Netflix has new content
Inner me: Rewatch The Office



G/O Media's research confirms this with half saying there are TV shows they will subscribe to a service solely to see.

Movies don't have quite the pull, but 40% still agree there are some that would encourage them to subscribe solely for the film.

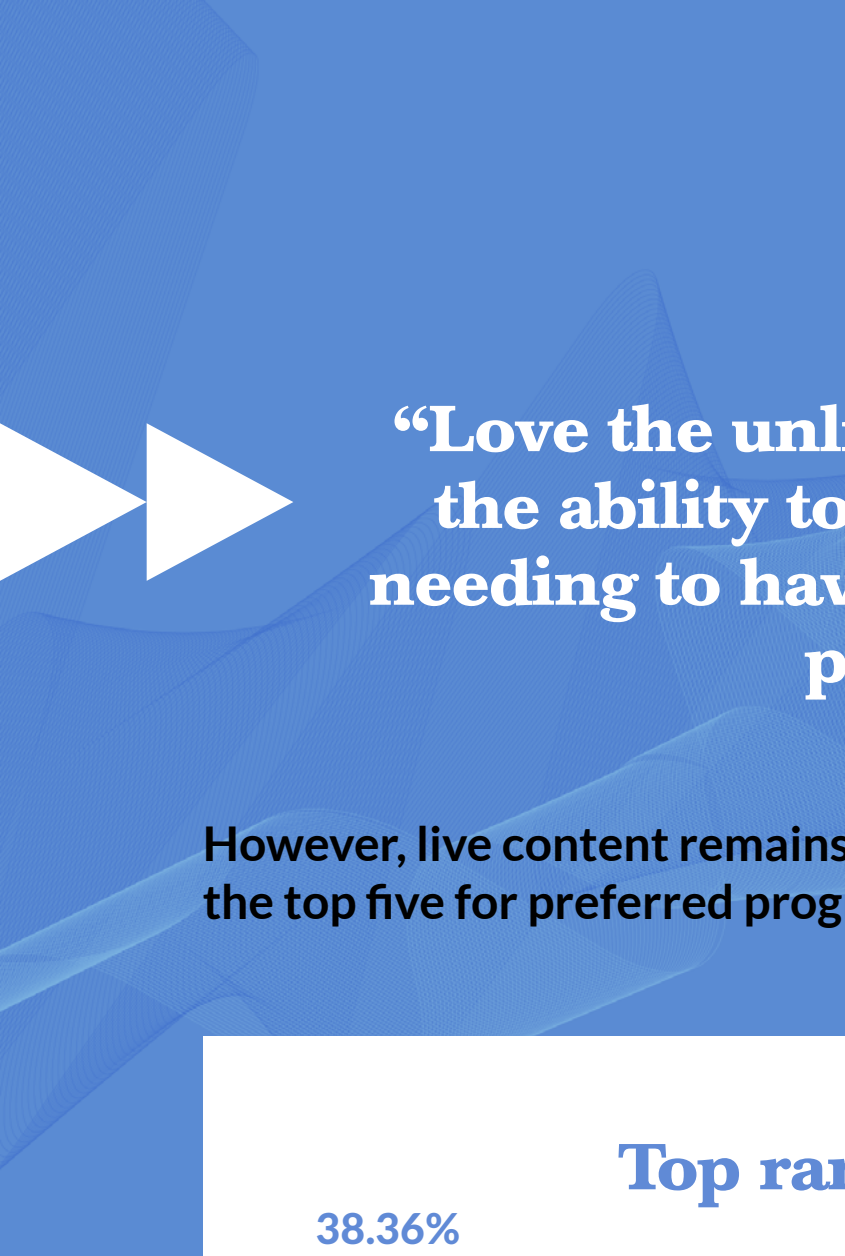
G/O Media Insight:

Providers need to think creatively about building brand loyalty, the user's "multiple-choice" fatigue and the right content mix of mass favorites and new releases.

A Moving Target

Despite consumers' impression that too many is, in fact, too many, there are opportunities for conquest.

7 out of 10 streamers say that their current lineup is not set in stone and they are open to adding or switching.



The message to services is clear: incumbents can't count on their established equity and there is room for new services to oust others. However, the room may be crowded.

A closer look at consumer "capacity" illustrates that users have a limited number of slots open. Over 9 in 10 say they would only subscribe to 4 to 5 or less.

G/O Media Insight:

Services should consider a "why us and not them" message while acknowledging that a personal threshold exists.

What Cord?

Consumers under 55 have largely left the standard subscription television behind. And among the youngest consumers under 35, the cord likely never existed, with less than 1 in 5 still using traditional cable/satellite.

“Watching what I want, when I want, on what device I want, where I want, and not having to watch at specific times or worry about missing an episode.”

In the 25 to 34 age group, live TV replacements like YouTube TV and Hulu Live are gaining on cable/satellite, with 18% of viewers subscribing compared to 22% holding onto the cord.

“Love the unlimited DVR of YouTube TV, the ability to watch anywhere, and not needing to have hardware or coax cable in place to watch.”

However, live content remains a player, with live sports and live news ranking in the top five for preferred programming

Top ranked by content type



G/O Media Insight:

Streaming has primed consumers for instant gratification on multiple screens, including content that has traditionally only been on TVs and that can be a selling point for platforms.

Deja Vu All Over Again

While streamers have embraced the cord cut, their evolving sentiment is generating comparisons to cable:

“We are basically back to where we were with cable tier packages, where you’re paying for a bunch of content you’ll never watch to get the content you do want to watch. Now instead of buying a single cable package, you’re buying what are effectively several cable packages to get the equivalent content.”

Cutting down the selection time is top of mind: 3 in 5 consumers say they often take over ten minutes picking out their content when sitting down to stream:

“The diffusion of content to individualized streaming services has just recreated the channel based TV environment. When everything was on Netflix, it was quick, convenient. Felt like the future. Now, one has to switch between a half dozen services, some with overlapping content, to find something. Costs far more, and feels like a step back.”

Services need to embrace their advantages over cable (time independent watching, flexibility of screens), while adopting what people enjoyed about cable (speed of content selection, ability to connect with larger cultural conversation).

G/O Media Insight:

Services need to remember the consumer pain points that led to wide-spread cord cutting... and avoid them.

The Small Screen Lives!

Despite the growth in streaming and online services, the actual television screen is still the most common way to consume content.

Among all age groups, people estimate they spend over half of their viewing time watching on a traditional television screen.



However, it may be the next to go as those under the age of 35 spend 20% less time watching content on TVs.

And the lines have blurred between movies and TV with previously distinct content now competing on similar playing fields.

Amongst respondents, television programming rules the roost,

with original series content and new television shows being ranked over new movie releases, and older TV favorites being ranked over older movie favorites.

“[Streaming services have] better content than TV, and WAY better content than current movies, which just suck.”

“[I like streaming for] ease of use, shared cultural experience with friends while apart.”

G/O Media Insight:

The perceived prestige gap between movies and television has evaporated. Investing in originals that drive must-watch chatter will continue to drive subscriptions.

The Next Gen

Free streaming platforms may be contributing to differing use between age groups. Amongst Gen Zers age 18-24, 87% say they are turning to free services, higher than any other age group.

“While it’s not ‘free’ because I have to pay for internet, I can get quality entertainment without an extra fee, which, in this economy (lol) is important.”

Respondents were asked to rate their opinion on advertising on a 10 point scale with 1 being “I would rather have access to more content even if it was supported” and 10 being “I would rather have an ad free experience with less content available”.

Those under 18 and 18 to 24 are the only age groups to indicate they preferred more content that is ad supported to less content with no ads.

“I like watching funny videos, news, science and history shows. I like that I can watch it for a few minutes and come back to it later, or listen to it in the background while I do other things. I kinda wish I had a streaming service but they are just too spread out over too many services so I just stick with Youtube and get what I want on DVD later.”

G/O Media Insight:

Given this generation has grown up in a world where more free content is produced daily than they could consume in a lifetime, it is important for services to consider whether they will ever reach the levels of paying that their elders accepted.

Perception Personalities

Knowingly or unknowingly, streaming services have carved out thematic niches:

Netflix and Amazon for its variety of content and high quality originals
Hulu for comedic content
Peacock for nostalgia
HBO Max for intelligent programming

Here, the early mover advantage shows, with respondents more likely to say older services cover a wider and more divergent range of streaming personas (Netflix, Amazon Prime) while newer entrants are more likely to have only one or two they are known for (Peacock, HBO Max).

Still, new entrants can carve out their own personalities, though they may be playing catch up with the more established services.

G/O Media Insight:

The incumbents may have cornered offering the most things for most people, but establishing a content expertise—and a brand personality—can be a more intimate brand approach.

Methodology

G/O Media readers were invited to participate in the via randomized pop-up invites shown to subset of the audience after performing some action on the site. The field dates were March 15 - March 23, 2021. There were 1,480 total survey respondents.

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advertising@g-o-media.com