

Analysing Video on Demand Entertainment Consumption through the Lens of Generation Z

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ABSTRACT

Various Video on Demand platforms like Netflix, Amazon Prime, Hotstar, TVF Play, Voot, Alt Balaji, etc have compelled the media planners, production houses and advertisers to alter their content and advertising strategies. Internationally as well as nationally, viewers are consuming the content on the above digital platforms.

VoD – Video on Demand or OTT – Over the Top industry being the focus area of the study, this research focuses on media preferences of Generation Z of Urban Mumbai with the means of a structured questionnaire to reach definitive conclusions and recommend appropriate measures to suggest insights for building stronger and sustainable corporations in the media industry. This paper also aims in understanding the Generation Z usage of VoD in an Indian context.

Mixed method research approach was used to study the entertainment consumption habits qualitatively and quantitatively. Focus group discussion and survey questionnaire were used to collect the primary data by employing non-probability sampling. Two groups of Focus group discussion participated and 270 respondents filled the questionnaire.

Descriptive and inferential statistical tools were applied for analyzing the data. Managerial implications highlight the disruption of the outdated appointment viewing on TV and march of new mediums and tools for promotion.

Keywords: Video on Demand, Over the Top, Generation Z

INTRODUCTION

The heterogenous status of India with respect to its demography, culture, geography and economic conditions brings with it the volatility, uncertainty, complexity and ambiguity (VUCA) in its business sphere¹. The boom in the educational and entertainment sector on account of online business models and diversity in inter-generational cohorts adds unique challenges to marketers, brand custodians, media planners and content creators. Smart Marketing is the need of the hour as today's consumer has an insatiable appetite for content and experiences. The content has to be memorable, likeable and appealing. The technological onslaught has created an "On Demand" economy which has created a tsunami and disrupted several sectors. One of the reasons for this is the need of consumers for fast, efficient, effective and simple experiences which several unicorn businesses have fulfilled. The On Demand economy has replaced traditional business models and created a "Sharing economy" or "Aggregator Access economy". It has led to uberization of businesses. Some of the prominent examples are Food On Demand in the form of Zomato and Swiggy, Taxi On Demand in the form of Ola and Uber, Course On Demand in the form of Coursera and EdX, Video On Demand in the form of Netflix and Amazon Prime, Space On Demand in the form of AirBnB and Zostle, Theatre On Demand in the form of Vkaao by PVR and Furniture On Demand in the form of Rentomojo and Furlenco. The rise of the On demand economy is a cause and effect of the technological disruptions, unconventional business models, new mediums of supply chain, liberalised laws and the changing consumer preferences. Millennials and Generation Z make up for three-fourth of the On Demand consumption². This

¹ <https://hbr.org/2014/01/what-vuca-really-means-for-you>

² <https://hbr.org/2016/04/the-on-demand-economy-is-growing-and-not-just-for-the-young-and-wealthy> Accessed on 10/08/19

paper focuses on the cohort Generation Z and the consumption patterns of Video on Demand for entertainment consumption.

ENTERTAINMENT AND MEDIA LANDSCAPE

The digital transformation of media and entertainment industry has taken place globally, nationally and locally. The Media and Entertainment sector, one of the sunrise sectors of the Indian economy was valued at Rs. 2,64,588 crore in 2018¹. It is expected to grow at a compounded annual growth rate of 22 % to reach Rs. 4,51,405 crore by 2023 according to the PWC report². Within this vast sector is the online streaming or OTT or Video on Demand industry.

The Video on Demand (VoD) or the Over the Top (OTT) signify the 3A's – Anytime, Anywhere and Anyplace. OTT means over the top wherein any computer application distributes entertainment content over the Internet. It forgoes the traditional distribution of content. The term VoD means Video on Demand consolidates the audio and video content into online streaming that can be accessed over internet from anywhere in the world. India is a fertile ground for the VoD industry and houses more than 30 big and small players³. The VoD revenue in India is expected to grow at a CAGR of 45 per cent to reach Rs 13,800 crore by the end of 2023, according to KPMG Media and Entertainment Report 2018⁴. The revenue source for these platforms are in the advertisement stream and subscriptions. As per this report it is also expected that India will be the eight largest market for VoD globally and the second largest in terms of subscription in the Asia Pacific region by the same time. As of 2018, when we look at data internationally then USA accounts for 58% of VoD viewership, followed by Europe with 21%, Asia with 19% and the rest of the world with 2%⁵. Amongst the various VoD players the distribution of consumer subscription to these services gives us an interesting view with Netflix topping the charts and Amazon Prime and Hulu also having significant share in subscription in the global OTT space⁶. In 2018 in the Indian VoD space, the homegrown Hotstar is the most subscribed platform with around 150 million active users and over 350 million downloads⁷. Seeing this robust growth the platforms plans to invest heavily by producing original content. Hotstar is now one of the most views video streaming computer application in the world, that is driven by the Indian audience in the country and outside⁸.

OBJECTIVES OF THE STUDY

The research aims to broadly understand the consumption patterns of the over the top or video on demand content using a mixed method research.

¹ <https://www.ibef.org/industry/media-entertainment-india.aspx> Accessed on 25/08/19

² <https://www.pwc.in/press-releases/2019/global-entertainment-and-media-outlook-2019-2023.html> Accessed on 25/08/19

³ <https://www.thehindubusinessline.com/blink/cover/streaming-platforms-fight-it-out-for-the-ott-pie/article29231230.ece> Accessed on 01/09/19

⁴ <https://assets.kpmg/content/dam/kpmg/in/pdf/2018/09/Media-ecosystems-The-walls-fall-down.pdf> Accessed on 01/09/19

⁵ <https://www.broadcastingcable.com/news/global-ott-streaming-video-viewing-doubled-study-170882> Accessed on 31/08/19

⁶ <https://money.cnn.com/2016/01/06/media/netflix-global-launch-countries/> Accessed on 31/08/19

⁷ <https://economictimes.indiatimes.com/tech/internet/hotstar-to-invest-rs-120-crore-in-generating-original-content/articleshow/67534513.cms?from=mdr> Accessed on 04/09/19

⁸ <http://keic.mica-apps.net/wwwisis/Open%20Access%20Resources/Report/OTT.pdf> Accessed on 4/09/19

1. To identify favourable or unfavourable perception for the attributes of Video on Demand of Generation Z in Urban Mumbai.
2. To understand the usage patterns of Video On demand among Generation Z in Urban Mumbai

LITERATURE REVIEW

The literature review for this study is focused on Generation Z and Video on Demand.

Generation Z

Internet is the cradle on which a Generation Z, a digital native is born. It is a generational cohort born between mid-1990s to late 2000s. Several journalistic articles, industry reports and research articles term Generation Z as Gen Tech, Gen Wii, Net Gen, Digital Natives, and Plurals¹. Their ease with technology is very smooth as compared to previous generational cohorts like Gen X or Gen Y. Smartphone, Internet, App, Social Media are the tech toys of the Generation Z. For this generation swiping left and right on smartphones has taken precedence over crawling or playing. Technology is ubiquitous in their lives. It is self-learned and self-directed. According to Macky & et.al., (2008) a generational cohort is a psychological and anthropological variable, as it represents the culture of one's upbringing during a specific time period. The fact that individuals born in the Generation Z cohort is enough to signify their tech savviness, high engagement on social media and the penchant to live dual lives i.e. in real and virtual world (Tulgan, 2013). Millennials or Generation Y precede Generation Z and as per popular industry reporting and academic literature they are born between 1980s to mid-1990s. Generation X who are born from 1960s to 1980s are generally parents to Generation Z (Dimock, 2019). As per the study conducted by Seemiller & Grace, (2016) Generation Z identifies themselves as being loyal, compassionate, thoughtful, open-minded, responsible, and determined. In a psychographic study by Turner in 2015, Generation Z are said to be having a "digital bond with the Internet", to such an extent that it helps them to escape the reality and ignore the emotional struggles faced in real life. Their excessive dependence on virtual world takes a toll on their real world relationships, health and performance in general. This is a generation that prefers less of face to face conversation and more of app to app chatter. In fact it is also said that they prefer video calling, millennials prefer text messages whereas generation X prefers regular calls. Generation Z prefers fun and interesting content over friends. Social media have taken over their lives and created a web of networks which is difficult to give up. They drive the On demand economy. Generation Z and Millennials together are the largest disruptive force in churning the economy.

Past research has focused on the peculiar traits and characteristics of Generation Z, their social media preferences and online buying behaviour but very little research exists on their entertainment media consumption habits and preferences. This research would like to take this as a starting point in understanding the Generation Z behaviour for online entertainment media consumption with specific focus on VoD content.

Video on Demand

The tectonic shift in consumer behaviour, technological advancement, insatiable need for content, availability of devices have caused rapid growth of music and video streaming. The Ericsson report on consumer insights for TV and Media in 2017 points a drastic reduction in TV content consumption. It forecasts that by 2020 only 10% of people watch TV content on a traditional screen². Following table summarises various factors that have led to the rise in video on demand in an Indian context.

REASONS FOR RISE IN OTT

Table No-1

Sr. No	Demand Based	Supply Based	Infrastructure - Macro Trends
1	Convenience – anytime, any	Wide options for OTT	Increased Smartphone Penetration

¹ <http://usatoday30.usatoday.com/money/advertising/story/2012-05-03/naming-the-next-generation/54737518/1> Accessed on 18/08/19

² <https://www.ericsson.com/en/trends-and-insights/consumerlab/consumer-insights/reports/tv-and-media-2017> Accessed on 14/01/19

	where		
2	Privacy – Choice of Individualized or Group viewing	Subscription Free OTT platforms	High Internet Availability – As of 2018, India is the second highest in terms of internet user base ¹
3	Ease of Use	Heavily discounted subscription costs	Cheap Internet Costs
4	Variety of content with different genres	Exclusive digital content	Push for Digital India
5	Personalised offering to consumers	Uncensored content	Most TV shows are seeing flat or no growth
6	Rise in middle class - World Economic Forum's report the global middle class will grow to an estimated 4.9 billion by 2030 ²	Regional as well as International Content	4G and 5G Networks
7	Long hours of commuting for work	Use of AI for better recommendations	Telecom players subsidising subscription plans
8	High consumer base	Easy Content creation and Publishing videos	

(The above table has been made by author on the basis of the vast reading, understanding and interest in the OTT sector)

The research by Agirre in 2016 show the complexity of content, context and audience practices in the new media environment. The research says that the online video streaming has led to passive television users and active internet users.

Baccarne, (2013) has studied the evolution of Video on Demand industry in USA. There are hardly any papers that cover the factors influencing the video on demand content. A lot of papers have used technology acceptance model or the unified theory of user acceptance of technology to understand the technological dimension for adoption of video on demand content.

Most studies on video on demand and over the top focus on the technical or engineering aspect of it. There are very few peer reviewed journal articles on this segment. Most studies that are present are industry based or journalistic articles in the media. There are hardly any consumer behaviour studies on the usage patterns of video on demand or over the top content.

This paper covers various factors influencing the usage of Video on demand like Subscription cost, Internet cost, Internet speed, Content Quality, Content Diversity, 24/7 availability, uncensored content, Multi Lingual content, Ad free content and International Content.

Following is the proposed hypothesis for the study

H₀: There is no significant difference in the average perception for the attributes of Video on Demand of Generation Z in Urban Mumbai.

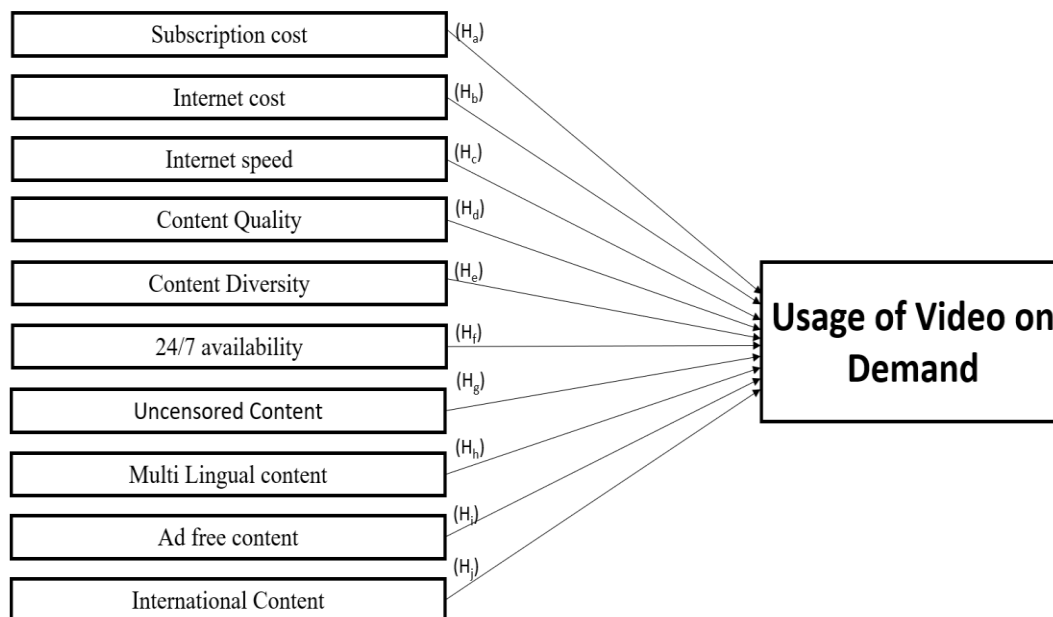
H₁: There is a significant difference in the average perception for the attributes of Video on Demand of Generation Z in Urban Mumbai.

PROPOSED MODEL OF THE STUDY

Figure No-1

¹ <https://main.trai.gov.in/release-publication/reports/performance-indicators-reports> Accessed on 14/09/19

² <http://reports.weforum.org/digital-transformation/digital-trends-in-the-media-industry/> Accessed on 12/09/19



RESEARCH DESIGN

A mixed-method research approach was used to collect data by applying qualitative and quantitative research methods. Focus group discussion and a self-administered questionnaire survey instrument was used to collect primary data. Two groups of undergraduate students studying commerce and management courses were invited for the focus group discussions. Each group consisted of 8-10 participants from suburban colleges in Mumbai. Only those participants were invited for the focus group discussion who use Video on Demand daily. The insights from the focus group discussion helped in refining the survey instrument.

A google form was created and circulated among 500 respondents using purposive sampling. Only those who have used video on demand were asked to fill the questionnaire. As defining universe was not possible, non-probability sampling method was chosen. The response rate for the questionnaire was 54% i.e. only 270 respondents filled the form.

DATA ANALYSIS AND INTERPRETATION

This study investigated the factors influencing usage of Video on demand and perception of its users. Descriptive statistical tools and techniques were used in MS- Excel for univariate analysis of the demographic information. For measuring the factors influencing the usage of video on demand, inferential statistics was applied using one sample T test for the univariate analysis of data using SPSS.

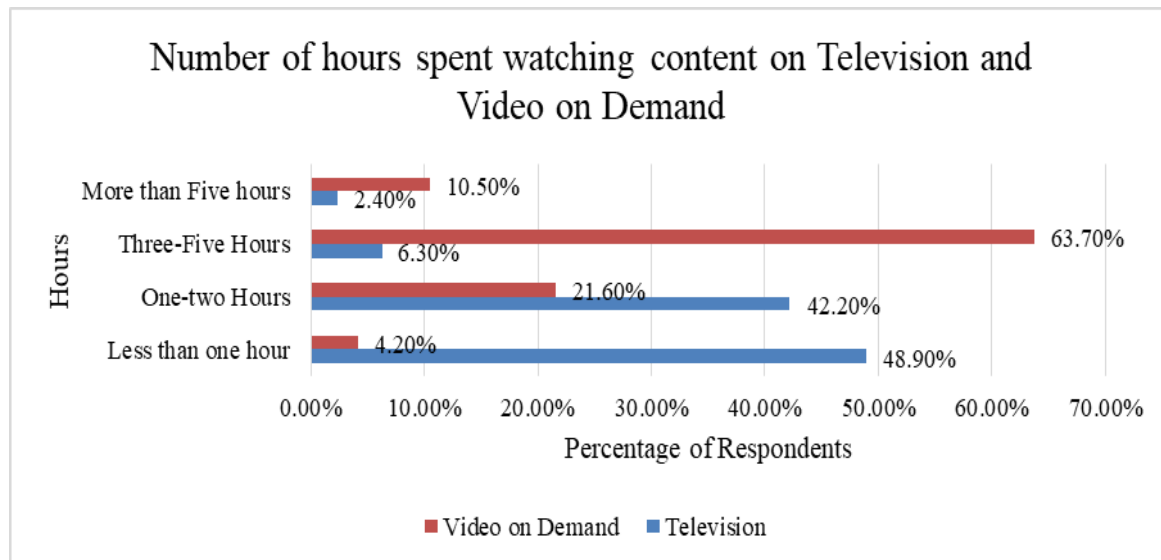
Following is the descriptive analysis of the data

A. Number of hours spent by viewers in a day watching videos online

Table No-2

Sr. No.	No. of Hours utilised	Television	Video on Demand
1	Less than one hour	48.9%	4.2%
2	One-two Hours	42.2%	21.6%
3	Three-Five Hours	6.3%	63.7%
4	More than Five hours	2.4%	10.5%

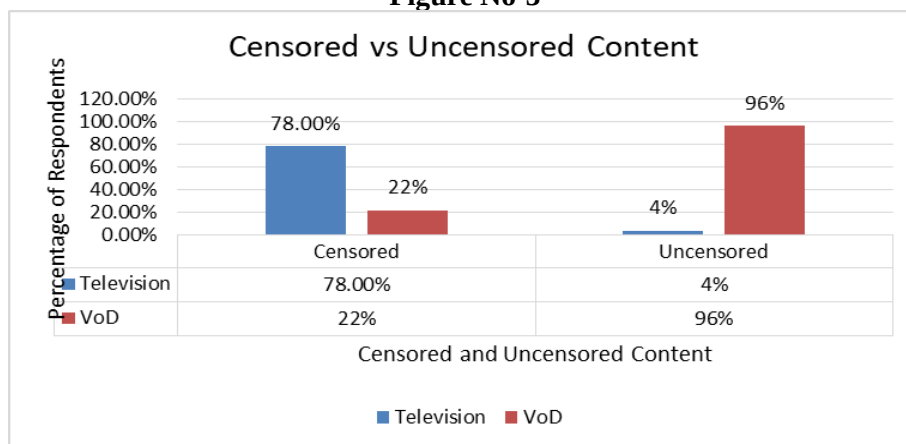
Figure No-2



From the above table 2 and figure no. 1, we can observe that 48.9% respondents see the television content for less than one hour whereas only 2.4 % respondents watch it for more than five hours. Whereas when we look at the data for VoD, 63.7% respondents watch content for three-five hours. Collectively if we look at these numbers, only 9% respondents watch television for more than three hours whereas approximately 75% watch video on demand. This means that with a variety of content available at any given time of the day, viewers are at a freedom to choose the time of watching any video of their choice.

B. Censored vs Uncensored Content on TV & VoD Platforms

Figure No-3



As observed from the above table, 96% respondents are exposed to uncensored content on the VoD platforms. VoD platforms offer unlimited dose of uncensored-adult content with no cuts, breaks or restrictions whereas Indian Television shows have to abide by several broadcasting laws and regulations on the nature of content displayed. This also shows the respondent preference and urge for uncensored content. This also has to do with the cultural set up in which they are brought up. These are the times for low context cultures in the language of Geert Hofstede.

Following is the inferential statistical analysis of the data

From the table no. 3, it is observed that at 95% confidence interval out of all the ten parameters the P-value is less than $\alpha/2 = 0.025$ for eight parameters namely Subscription cost, Internet speed, Content Quality, Content Diversity, 24/7 availability, Censorship on content, Multi Lingual content, and International Content whereas the P-value is more than $\alpha/2 = 0.025$ for two parameters namely internet cost and Ad free content. So, we can say that we reject the Null hypothesis for all the above eight parameters. That means there is a significant difference in the average perception for the above eight factors of Video on Demand among Generation Z in Urban Mumbai. Whereas we accept the null hypothesis for the above two parameters. That means there is no a significant difference in the average perception for the above two factors of Video on Demand among Generation Z in Urban Mumbai.

Now for the above eight parameters where there is a there is a significant difference in the average perception of Video on Demand among Generation Z in Urban Mumbai, we will further identify the favourable or unfavourable perception by referring one sample statistics table from the SPSS output sheet.

Table No-3

Sr. No	Parameters	Non- Directional Hypothesis	P-value	Reject or Accept Null Hypothesis	Mean	Perception – Favourable or Unfavourable
1	Subscription cost	$H_{0a}: \mu = 3$ $H_{1a}: \mu \neq 3$	.001	Reject	2.7889	Unfavourable
2	Internet Cost	$H_{0b}: \mu = 3$ $H_{1b}: \mu \neq 3$	.403	Accept	2.9444	-----
3	Internet Speed	$H_{0c}: \mu = 3$ $H_{1c}: \mu \neq 3$	.000	Reject	3.7444	Favourable
4	Content Quality	$H_{0d}: \mu = 3$ $H_{1d}: \mu \neq 3$	.000	Reject	3.7889	Favourable
5	Content Diversity	$H_{0e}: \mu = 3$ $H_{1e}: \mu \neq 3$	.000	Reject	3.4556	Favourable
6	24/7	$H_{0f}: \mu = 3$	.000		3.8778	Favourable

	availability	$H_{1f}: \mu \neq 3$		Reject		
7	Uncensored Content	$H_{0g}: \mu = 3$ $H_{1g}: \mu \neq 3$	.000	Reject	3.8741	Favourable
8	Multi-Lingual Content	$H_{0h}: \mu = 3$ $H_{1h}: \mu \neq 3$	.000	Reject	3.4963	Favourable
9	Ad Free Content	$H_{0i}: \mu = 3$ $H_{1i}: \mu \neq 3$	.163	Accept	2.8889	-----
10	International Content	$H_{0j}: \mu = 3$ $H_{1j}: \mu \neq 3$	.000	Reject	3.8778	Favourable

We observe that the respondents are having favourable perception for seven parameters namely Internet speed, Content Quality, Content Diversity, 24/7 availability, Censorship on content, Multi Lingual content, and International Content. This means that the Generation Z respondents do think that these factors have enabled them to adopt the usage of Video on Demand in Urban Mumbai. Whereas they have unfavourable perception for subscription cost. That means this factor can cause a barrier in the adoption and usage of video on demand. Also, The mean scores for uncensored and international content are very high. This means that these two factors i.e. uncensored content and availability of international content are major influencing factors for usage and adoption of Video on Demand among Generation Z in Urban Mumbai.

CONCLUSION & MANAGERIAL IMPLICATIONS

This research reiterates the fact that the video on demand has definitely made the appointment viewing on TV as outdated. It has empowered the content creators to deliver diverse content for distinct audiences. This study also shows that Generation Z does not shy away from the adult or uncensored content and in fact prefers this platform for seamless flow of shows. The rise of Alt Balaji and Hotstar are examples of how omni channel platform are the new order of the day. Media Planners & Advertising content developers will have to disguise the Advertisements on OTT platforms as more and more consumers are ready to pay premium for Ad free shows. So rise of product placement is a new opportunity to the advertisers. Unique story telling is the essential ingredient to cater the Binge watchers. Local language and culture specific appropriate content innovations will lead to next exponential growth of the video on demand sector.

LIMITATIONS OF THE STUDY AND AREAS FOR FUTURE RESEARCH

This study is focused only on the usage behaviour of Generation Z in Urban Mumbai. The results of the study may not be generalisable to other generational cohorts. Due to constraints of time and money, this study has used limited sample size by applying non-probability sampling technique.

Future studies can be done on psychographic and lifestyle profiling of OTT consumers. The implications of Regional vs English content on audiences can be studied. A comparative view of inter-generation influences i.e. Generation X, Y and Z on OTT consumption can be done. A comparative study on various entertainment platforms i.e. traditional as well as OTT can be done. Extending this study to audiences located in non-urban or Tier 2 and 3 cities can also give interesting insights to further the knowledge in this domain. Cultural, Economic and Behavioral impact on media consumption can also be considered for future studies.

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