The Perfect Bundle Paradox Facing Modern Viewers

Introduction

Big shifts are taking place in the video content space, with more new and original TV shows and films available every day, new platforms to view them on and new methods that can be used to consume them. FX Networks claim that scripted originals on streaming platforms have grown by a huge 385% since 2014. The choice is unbelievable. But for many consumers it still isn't enough.

Modern consumers find themselves facing a fascinating dilemma. They have more incredible content available to them than has ever been the case before, and yet, they are still not satisfied. They want more options, greater personalization, increased flexibility. They want – in short – what it seems that nobody in the market can currently offer them.

Research findings

The video content conundrum facing modern consumers

Use of multiple, different subscription services in households is now commonplace. Approaching two thirds (64%) of surveyed US consumers are currently using at least two different subscription services to consume content, and this is true for the majority (56%) of UK respondents too.

Thinking a few years back, most households would have had a single service for television – their cable or satellite TV provider – and that would have been it. Many started moving away from this in order to get lower prices and, in theory, better value and choice elsewhere, but this is clearly not working out as planned.

On average, those from the US are spending $86 per month on TV and video content, while in the UK they are spending $61 per month, so not only is it a more complicated consumption environment, it's also not necessarily a better value one.

But at least by self-bundling various subscription services consumers can access everything that they want to view, right?

Wrong! Around seven in ten of those surveyed in the UK (70%) and US (68%) say that despite what they are paying for their various subscriptions, they are still missing out on certain shows that they want to watch.

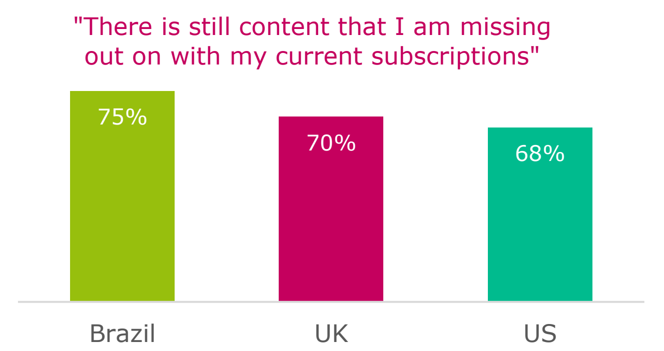

Figure 1: *Analysis of the percentage of respondents who, despite what their household pays for subscription services, are still missing out on certain TV shows/films that they want to see. Split by respondent country. Asked to respondents who currently use at least one subscription TV, movie or video content service in their household (2295)*

In fact, this research found that consumers in the US would expect to have to pay an additional $41 per month on top of what they currently pay, on average, to get their 'perfect' bundle. That's an extra 48% on top of what they already pay.

In the UK they would expect to have to pay an extra 59% on top of their current spend per month, on average. This clearly illustrates that there is a

Brazil focus

In Brazil, 75% say that their current subscriptions do not give them access to everything that they want to watch. A similar proportion (77%) would be willing to 'pay-per-show' for immediate access to content. However, around eight in ten would rather pay for a single, all-inclusive bundle of video content with everything that they want, rather than have several different subscription services (82%) and would be willing to switch to a service provider that offers it all (80%).

considerable gap between what consumers are *currently* getting and what their *perfect* bundle would look like.

Finding the perfect bundle

There is a real willingness to fill this content gap though. Consumers are all looking for the same thing when it comes to video content – the perfect bundle. The question is: how do they get this?

Across all three countries, six in ten (60%) surveyed consumers would be willing to adopt a ‘pay-per-show’ model to get immediate access to their favorite shows, perhaps as a way of supplementing their imperfect subscription services.

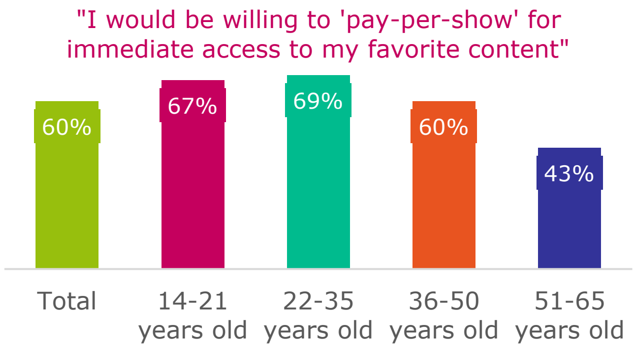

Figure 2: *Analysis of the percentage of respondents who would be willing to pay for immediate access to their favorite TV shows/films on a ‘pay-per-show’ basis. Split by respondent age. Asked to all respondents (2500)*

The flexibility that it would offer is something that has even greater appeal for the younger generations – around seven in ten consumers aged 14-21 (67%) and 22-35 (69%) years old would be willing to consume their favorite content in this way.

Is this generational variation an indication of how the market might look in the future in terms of heightened flexibility?

Binge-worthy TV is a must-have in a perfect content bundle, and this is true of all countries interviewed. It’s particularly true of younger generations – 93% of those aged 14-35 years old would want it as part of their perfect content bundle. This too reflects how younger viewers today want to be able to consume content.

Similar trends can be seen for live concerts and events – around four in five (77%) of those aged 14-21 years old would include this in their perfect bundle (vs. 67% aged 51-65). And the same applies again for having access to all games for one particular sports team – eight in ten (80%) of those aged 22-35 years old would include this, compared to only 61% of those aged 51-65 years old.

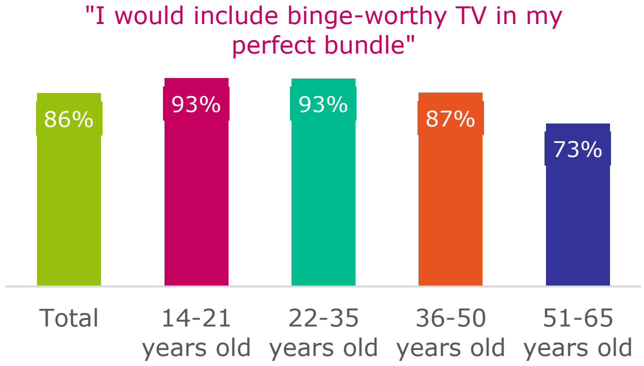

Figure 3: *Analysis of the percentage of respondents who would include binge-worthy TV in their ‘perfect’ bundle. Split by respondent age. Asked to all respondents (2500)*

It appears that the appetite for a more varied and expansive catalog of content is growing – the pressure is on providers to be able to meet this demand.

Special features are also becoming an increasingly important part of the package – around eight in ten (79%) 14-21-year-old respondents would want at least one included in their perfect content bundle, double the number aged 51-65 (40%) who say this. Amongst these special features, around a third (31%) of those surveyed who are aged 14-21 highlighted AR and/or VR content as something that they would want included.

However, this perfect package of content needs to come from a single service provider. Over two thirds of surveyed US (69%) and UK (68%) consumers say that their preference would be to pay for a single, all-inclusive bundle of content that included everything that they wanted to view.

This seems like a big ask, with all things considered, but if a provider *could* make this a reality then they could take the market by storm – the majority of US (69%) and UK (64%) respondents would ditch their current provider(s) and switch to them. Those interviewed in Brazil were even more likely (80%) to share this view.

Give and take is required for consumers to get a truly personalized package

While younger consumers tend to be more demanding of providers in terms of giving them content, they are also the most open to giving something back. The majority of 14-21 (81%) and 22-35 (81%) year old respondents would be willing to accept more advertising content under certain circumstances (e.g. being able to select when they see adverts or which types of companies advertised to them), compared to only around half (54%) of those aged 51-65 who agree with this.

Meanwhile, more than seven in ten (71%) surveyed consumers aged 22-35 years old would also be open to exchanging their personal data in order to get a better content package. A similar number of those aged 14-21 (66%) say this, and even among those aged 51-65 years old there are 42% who would make this tradeoff.

This illustrates an interesting – and perhaps surprising, considering the number of high-profile data breaches seen in recent years – openness to doing whatever it takes to get that personalized package of content that consumers are desperately striving for.

For content providers, the opportunity is there. They don't need to be forcing advertising on consumers or trying to squeeze personal data out of them. Consumers are open to these ideas, as long as they are handled in an open and transparent way that is clearly communicated to them.

Summary

Consumers are demanding, more than ever, to have highly varied, highly personalized content options available to them across a number of channels, but through very few providers. For younger generations of consumers this is even more accurate.

And yet, this is a far stretch from what they are currently being given. Most are juggling multiple subscriptions and providers, and still not being able to see everything that they want to see.

This leaves an enormous opportunity for those delivering content in the TV and film industry. Those who can meet this consumer demand, delivering varied, personalized content could find themselves with a wide audience, particularly amongst the younger generations.

Methodology:

Amdocs commissioned independent technology market research specialist Vanson Bourne to undertake the research upon which this executive summary is based. For this research, 2,500 TV, film and video-watching consumers were interviewed in October and November 2018. Respondents were based in the following countries:

- US (1000)
- UK (1000)
- Brazil (500)

Respondents were aged 14-65 years old, with a good spread captured across age bands and genders. All respondents were interviewed online using a rigorous multi-level screening process to ensure that only suitable candidates were given the opportunity to participate.

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