

Determining the factors influencing customer engagement while using the subscription-based media streaming service providers (OTT Platforms): NETFLIX Vs AMAZON PRIME

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Abstract:

As the competition is turning out to be excessive, to sustain in the market the subscription-based service provider are working on new tactics and Strategies. This paper examined the role of customer engagement in subscription-based service provide and further explores the factors influencing customer engagement in media streaming service providers. It is a exploratory research on buying behavior of subscribers through questionnaire was conducted. The population of the study includes subscribers from the city of Mumbai. The target subscribers were Gen Z or the Millennials (19 - 34yrs). The responses were analyzed. The study established and conformed the relationship between customer engagement and entertainment as in literature. The changing role of entertainment is reflected on the media streaming service providers. Supported by the penetration of media streaming service providers and the evolution of entertainment, the service provider promises to change certain way to Business-To-Customer (B2C) activities are conducted.

Index Terms - Customer engagement, Netflix, Amazon Prime, Subscription-based service provider, Subscribers.

1. INTRODUCTION

This paper underlines the critical role of customer behavior research in determining factors influencing customers using subscription-based media streaming service providers: NETFLIX Vs AMAZON PRIME; video streaming is becoming part of our modern lives, which means NETFLIX and AMAZON PRIME. Focusing on materials relating to licensed rather than original content and this content's role within the US domestic subscription-based service provider market, two distinct approaches emerge. The subscribers can watch anytime, anywhere and everywhere, on all the devices. It also gives offline availability, content, privacy, customization, plans as per choice. It has choice preferences too. This paper presents a study on the determining factors influencing customer engagement while using the subscription-based media streaming service providers: NETFLIX Vs AMAZON PRIME.

Netflix

Netflix being one of the major OTT platforms, researcher studied it is a major subscription-based model which needs to provide better customer engagement services. Netflix is a media streaming platform which provides services in the form of award-winning shows, documentaries, web series, movies, and many more. You can watch as much as you want, whenever you want, without a single advertisement- all for low monthly price.

There is always something new to discover, new TV Shows and movies are added every week. Netflix services are accessible through smartphones, tablets, laptops and smart TV. These services are available at very low monthly fee which are pre-determined. You can watch anywhere, anytime, on unlimited number of devices. Just a person needs to sign in with your Netflix account to watch instantly on the web at Netflix.com from your personal computer or any other Internet connected device that offers Netflix app, including smartphone, smart TV, tablets, streaming media players and game consoles. Also, the offline downloading is an option available in the app which helps an individual to enjoy the services even in low internet range. Netflix is also flexible when it comes to the subscription

model. There are no contracts or prior commitments which restricts a user into payment compulsions. The user can withdraw his account whenever he wishes to. Following is the graphical representation of the number of Netflix Subscribers:

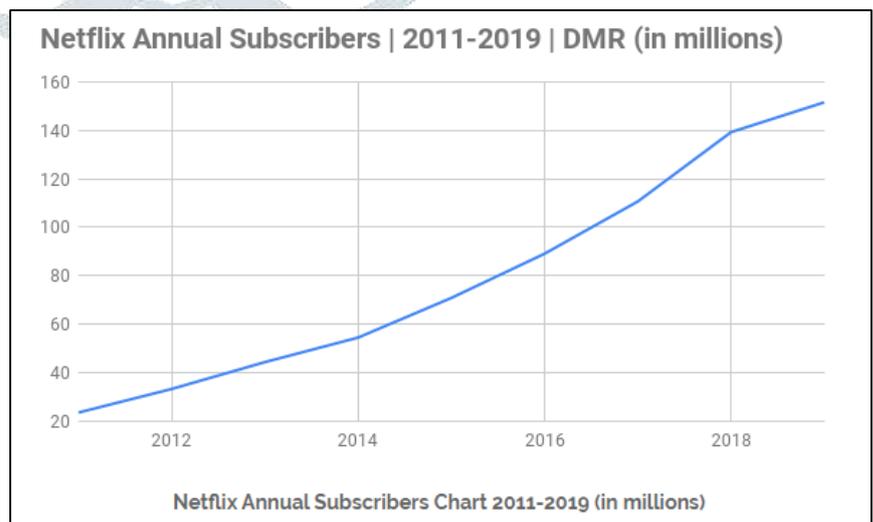


Figure 1. Netflix annual subscribers base

Amazon Prime

Amazon Prime is one of the major competitors of Netflix series as it keeps on updating their prime video library with new content regularly. Not only this, but it also provides unlimited music playlist with millions of songs in numerous languages. Alike Netflix, Amazon Prime account can also be unsubscribed in two clicks. It provides a customer with access to various amazon perks once subscribed. Not only the entertainment services, but amazon prime also provides two days guaranteed delivery, daily offers and many more benefits to the amazon prime subscription holders. Though the subscription fees are not cheap, there are bunch of benefits which provides numerous services along with the entertainment package. The video service is quite simple containing a large selection of available movies and series, familiar to Netflix.

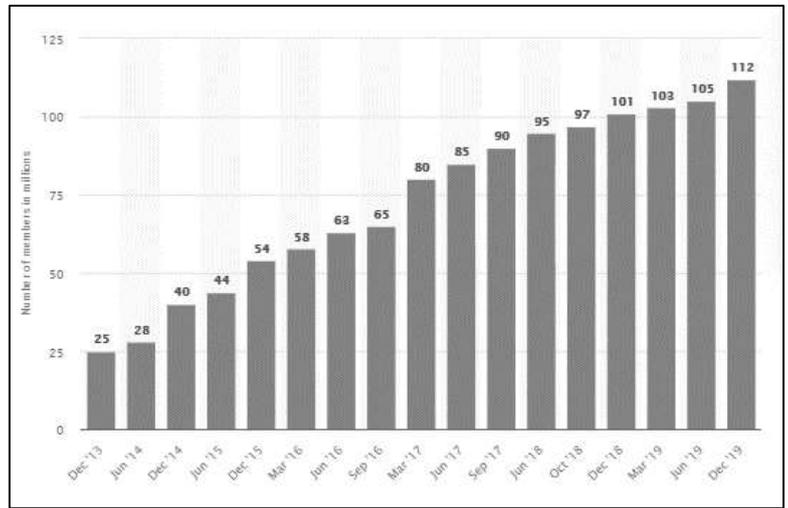


Figure 2. Amazon Base

Offline Customer Engagement

Customer Engagement is an activity where the companies try to connect with their customers and maintain the relations with their customers by providing them better services. It is a psychological state where the company connects to customer’s heart and mind by various activities, interactions and by providing them experience of satisfaction. To theoretically explain, it is always said that;

Heart Share, Mind Share, Wallet share of customers

Online Customer Engagement

As the offline engagement services have also adopted the online engagement, it plays very important role in satisfying and retaining a customer with their services. Online engagement services provide a chance for businesses to interact with their target customers online.

Customer engagement promoting is necessitated by a mix of social, technological and market developments. Firms conceive to produce an enticing dialogue with target shoppers and stimulate their engagement with the given whole. Though this should turn up each online and offline, the net is considered the first technique. Promoting begins with understanding the inner dynamics of those developments and therefore the behavior and engagement of shoppers online.

Although subscription tv has been a most popular alternative for several individuals, it's ascertained that it receives a live competition within the trade. There's completely different level of competition at every level, providing a variable live example of impact on subscription entertainment. To know the factors influencing customer engagement and victimization, the subscription-based media streaming suppliers, Netflix and Amazon Prime are studied well by the researcher in this paper.

Infographic comparison between Netflix and Amazon Prime



Figure 3: Revenue Generation



Figure 4: Expenditure

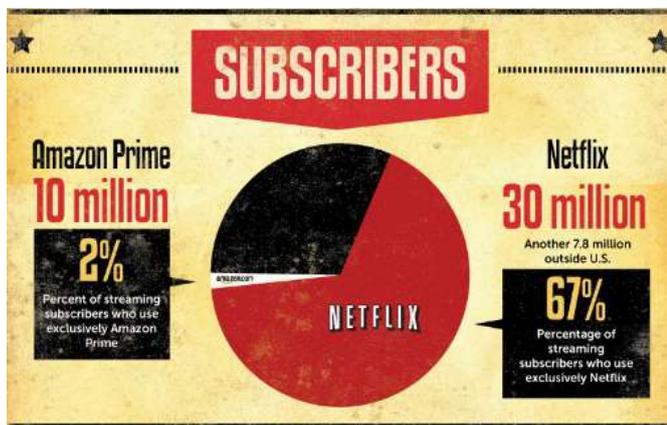


Figure 5: Subscribers



Figure 6: Programming

2. OBJECTIVES

- To study the current services provided by the subscription-based media streaming service providers: Netflix and Amazon Prime
- To study the factors influencing the customer engagement while using subscription-based media streaming service providers like Netflix and Amazon Prime

3. HYPOTHESIS TO PROVE:

- H1: Netflix is better than the Amazon Prime due to the Quality of series produced.
- H2: Netflix is better than Amazon Prime
- H3: Customer engagement services of Netflix are better than Amazon Prime

4. LITERATURE REVIEW

In a research article “The Netflix: Impact of The Streaming Model on Television Story Telling; (Sharma, 2016) emphasizes on explaining that the shift in entertainment technology has promoted the change in the structure of media market due to the modifications in the way of people viewing and scripting the series. In the media streaming service providing apps the disruption is more in comparison to the traditional media platforms. Netflix intentionally is not aiming to replace the television in entertainment industry but is creating the disruption for the traditional entertainment platforms.

With the article “The Netflix Effect and Defining Binge-Watching, (Davis, 2016) through her study over binge watching due to the impact of Netflix over their subscribers proves that Netflix generates the addictive qualities of Binge Watching where an individual watches two to six episodes of a new series in one sitting out of a curiosity to understand what happens in the next episode. The researcher here had concluded that the Netflix should demote this unhealthy behavior of Binge watching and shall promote healthy television practices.

In an article “Netflix, Amazon Prime and Branded Television Content in Subscription Video On Demand Portals”, (Wayne, 2018) has studied on the branding strategies of Netflix and Amazon Prime where they worked on the Subscription Video on Demand portals (SVOD portals). They focus on the license for the original content. The study in this research paper concluded that the future of branded TV content remains unclear whereas Netflix remained the most dominant player as compared to the Amazon Prime.

When the researcher studied the article “Brand engagement in self-concept and customer engagement in social media: The role of the source.” (Gaikoumak & Christina, 2019) to understand what exactly customer engagement is, the researcher understands that the paper studied reveals that the customer engagement plays a vital role to keep the customer connected and to increase the customer base of the company.

In an article “6 ways to find the perfect TV show or movie on Netflix” by (Patterson, 2019) the study offers tips on the browsing techniques through the Netflix’s collection of TV Programs and Movies Collection helps to get the suggestions as per our interest and past watch history which helps create the watch list for future as per our interest genre.

Through the article ‘With an Animated Series, Netflix Aims for Kids’ by (Bachman, 2013) it was reported that Netflix has been partnering with the Walt Disney for launching the animated series of movies and shows for increasing their customer base by attracting kids to watch the Netflix programs and distinguish themselves from Amazon Prime and other Media Based Subscription Service Providers.

With the article named “Nielsen to begin tracking Netflix, Amazon Prime audiences” (Frankel & Daniel), where they came with the conclusion that the Information Company Nielsen had started offering the customer data and also the data of the videos demanded by the customers which helped Netflix and Amazon to make the series and movies as per the customer preferences.

In an article “No One Wants to ‘Amazon and Chill’ and That’s Good for Netflix” the authors (Soper & Spencer, 2016) they studied that the customers were not ready to subscribe for the Amazon Prime as the subscription charges were much more than Netflix and hence the customers started preferring Netflix.

5. RESEARCH METHODOLOGY

The purpose of this study is to highlight the factors affecting the customer engagement in the subscription-based media streaming entertainment service providers where the researcher would be studying two major media streaming service providers like Netflix and Amazon Prime. With this purpose the researcher tends to conduct the exploratory research by implementing exploratory research design which allows gaining the most relevant results with the help of some of the Exploratory Research Methods Like Literature Review, Case Study Analysis and Secondary Data Analysis.

The image shows a web-based calculator titled "Determine Sample Size". It has the following fields and values:

- Confidence Level: 95% 99%
- Confidence Interval:
- Population:
- Buttons: "Calculate" and "Clear"
- Sample size needed:

Figure 7: Source: <https://www.surveysystem.com/sscalc.htm>

The Data was collected with the help of Survey Method where the Questionnaire was forwarded to the Sample Size of 112 individuals from the Age Group of Gen Z or the Millennials (19 - 34yrs). The confidence level tells you how sure you can be. It is expressed as a percentage and represents how often the true percentage of the population who would pick an answer lies within the confidence interval. The 95% confidence level means you can be 95% certain; the 99% confidence level means you can be 99% certain. Most researchers use the 95% confidence level. The method of Questionnaire would allow the researcher to collect the quantitative data as it would gather the standardized information from the specific number of people. The statistical data analysis for the data which would be collected from the questionnaire would help the researcher to lead to the conclusions on which are the factors that plays a vital role in customer engagement for the media streaming entertainment service providers. The documentary analysis from the secondary data available in the past journals, newspapers, case studies and the literature reviews would allow adding more proofs and credibility to the research.

6. FACTORS INFLUENCING THE CUSTOMER ENGAGEMENT WHILE USING NETFLIX AND AMAZON PRIME:

Content

- Variety of content
- Quality of documentaries
- Quality of Series produced by SSP
- Quality of movies

Features

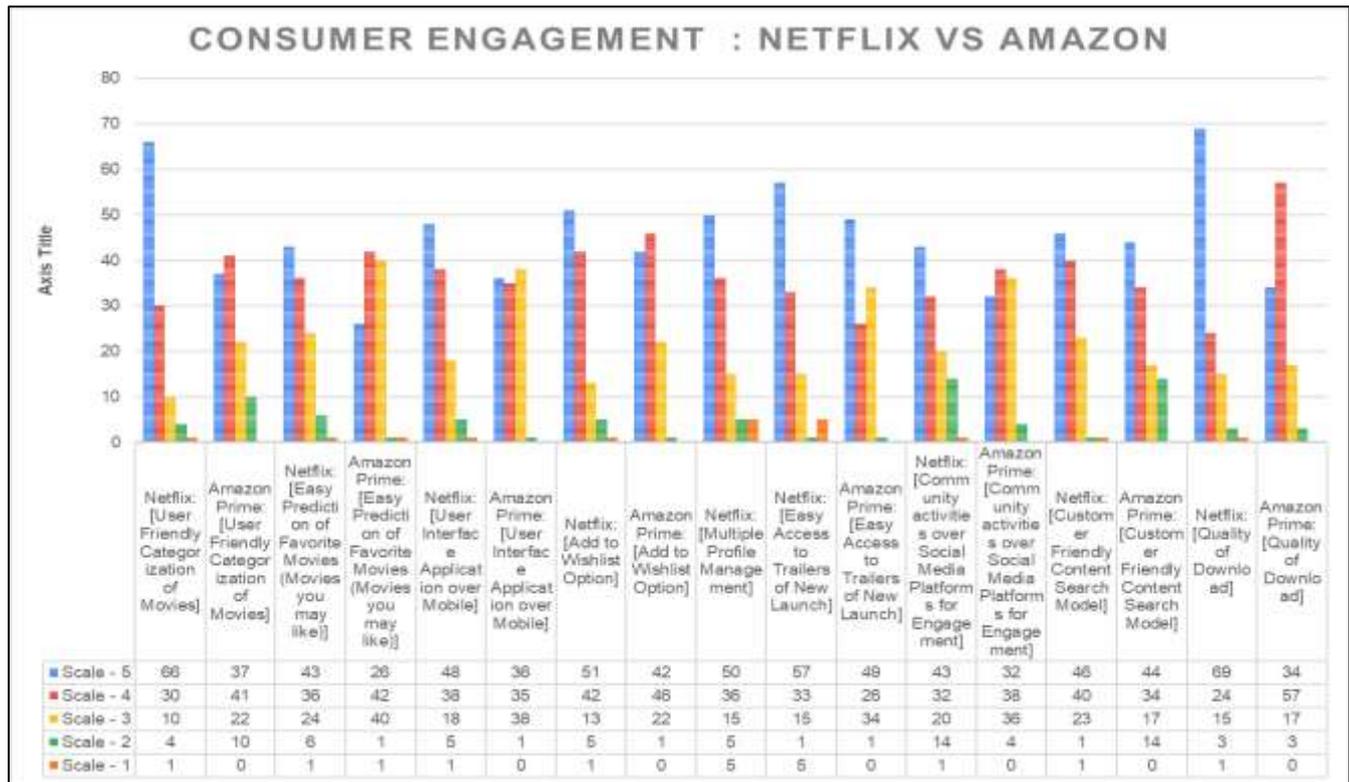
- Availability of Languages
- Number of new releases
- User Friendly Categorization of Movies
- Easy Prediction of Favorite Movies (Movies you may like)
- User Interface Application over Mobile
- User Interface Application over Smart TV/ Laptop
- Add to Wishlist Option
- Multiple Profile Management
- Easy Access to Trailers of New Launch
- Community activities over Social Media Platforms for Engagement
- Customer Friendly Content Search Model
- Quality of Download

7. DATA COLLECTION AND INTERPRETATION

H3: Customer engagement services of Netflix are better than Amazon Prime

| | Netflix: [User Friendly Categorization of Movies] | Amazon Prime: [User Friendly Categorization of Movies] | Netflix: [Easy Prediction of Favorite Movies (Movies you may like)] | Amazon Prime: [Easy Prediction of Favorite Movies (Movies you may like)] | Netflix: [User Interface Application over Mobile] | Amazon Prime: [User Interface Application over Mobile] | Netflix: [Add to Wishlist Option] | Amazon Prime: [Add to Wishlist Option] | Netflix: [Multiple Profile Management] | Amazon Prime: [Multiple Profile Management] | Netflix: [Easy Access to Trailers of New Launch] | Amazon Prime: [Easy Access to Trailers of New Launch] | Netflix: [Community activities over Social Media Platforms for Engagement] | Amazon Prime: [Community activities over Social Media Platforms for Engagement] | Netflix: [Customer Friendly Content Search Model] | Amazon Prime: [Customer Friendly Content Search Model] | Netflix: [Quality of Download] | Amazon Prime: [Quality of Download] |
|-----------|---|--|---|--|---|--|-----------------------------------|--|--|---|--|---|--|---|---|--|--------------------------------|-------------------------------------|
| Scale - 5 | 66 | 37 | 43 | 26 | 48 | 36 | 51 | 42 | 50 | 57 | 49 | 43 | 32 | 46 | 44 | 69 | 34 | |
| Scale - 4 | 30 | 41 | 36 | 42 | 38 | 35 | 42 | 46 | 36 | 33 | 26 | 32 | 38 | 40 | 34 | 24 | 57 | |
| Scale - 3 | 10 | 22 | 24 | 40 | 18 | 38 | 13 | 22 | 15 | 15 | 34 | 20 | 36 | 23 | 17 | 15 | 17 | |
| Scale - 2 | 4 | 10 | 6 | 1 | 5 | 1 | 5 | 1 | 5 | 1 | 1 | 14 | 4 | 1 | 14 | 3 | 3 | |
| Scale - 1 | 1 | 0 | 1 | 1 | 1 | 0 | 1 | 0 | 5 | 5 | 0 | 1 | 0 | 1 | 0 | 1 | 0 | |

Table 1: Consumer Engagement (Netflix vs. Amazon)



Graph 1: Consumer Engagement (Netflix vs. Amazon)

| Factors influencing Customer Engagement | Rank for Netflix | Rank for Amazon Prime |
|---|------------------|-----------------------|
| User Friendly Categorization of Movies | Rank 2 | Rank 4 |
| Easy prediction of Movies you may like | Rank 7 | Rank 7 |
| User Interface or Application over mobile | Rank 5 | Rank 5 |
| Add to Wish List option | Rank 4 | Rank 3 |
| Easy access to the trailer of new launch | Rank 3 | Rank 1 |
| Community Activities over Social Media platforms for engagement | Rank 7 | Rank 8 |
| customer friendly content search model | Rank 6 | Rank 2 |
| quality of download | Rank 1 | Rank 6 |

H3 Interpretation:

When the viewers were asked to rate the customer engagement factors of Netflix and Amazon with reference to Likert's Scales the data collected and studied is graphically presented in Graph 1 which shows that 66 % of viewers have rated Netflix with highest rating for User Friendly Categorization of Movies where as Amazon Prime was rated with 37% of highest ratings. Also, the Netflix was rated highest stars by 43% for Easy prediction of Movies you may like where in the Amazon Prime had highest ratings by only 26% of its viewers. When the Netflix and Amazon Prime were compared over the User Interface or Application over mobile where Netflix received highest ratings by 48% and Amazon Prime received the highest ratings by 36% of viewers. Due to the feature of Add to Wish List option 51% of Netflix viewers gave it the highest ratings whereas 42% of Amazon Prime viewers gave the highest ratings on their services. Easy access to the trailer of new launch was rated highest by 57 % of Netflix users and 49% of Amazon Prime users. For community activities over social media for customer engagement, Netflix was rated highest by 43% of users whereas Amazon Prime was rated highest by 32% of its users. For its customer friendly content search

model, the Netflix was rated highest by 46% viewers and Amazon Prime by 44% of the viewers. For the quality of download Amazon Prime is rated highest by 34% of their users and Netflix by 69% of their users.

As per the graph and data when Netflix and Amazon were ranked based on the factors influencing customer engagement, following were the results generated:

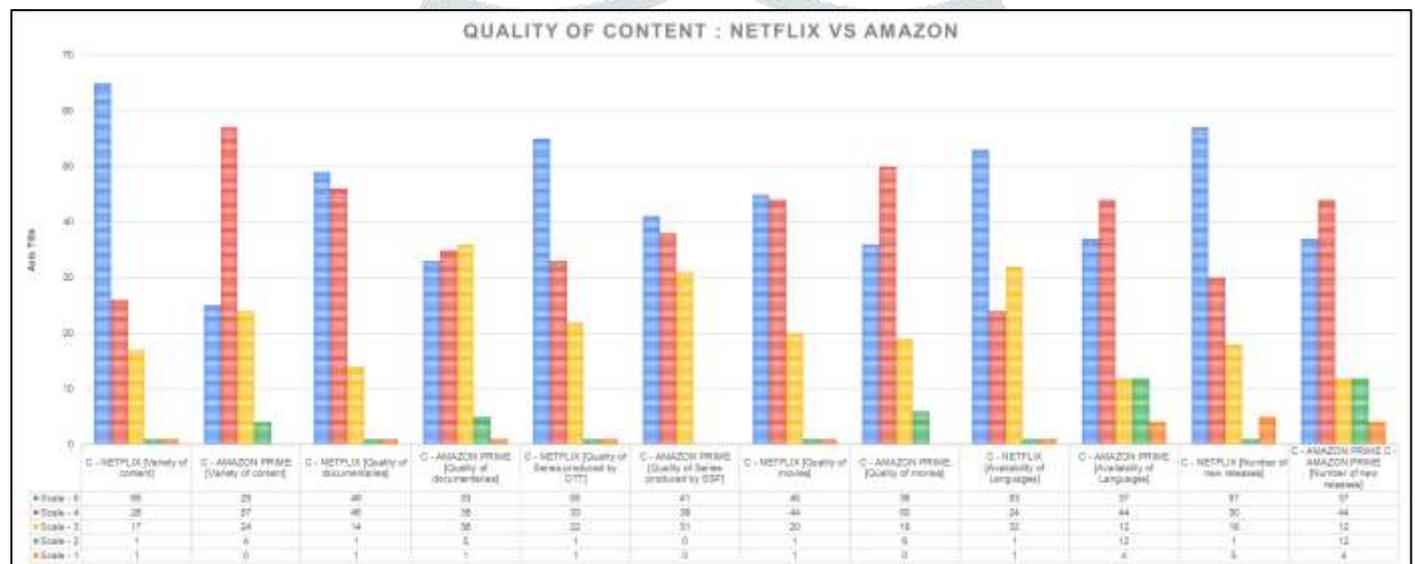
H3: Customer engagement services of Netflix are better than Amazon Prime

The hypothesis has been proved through the Graph 1.

H1: Netflix is better than the Amazon Prime due to the Quality of series produced.

| Ranking | C - NETFLIX [Variety of content] | C - AMAZON PRIME [Variety of content] | C - NETFLIX [Quality of documentaries] | C - AMAZON PRIME [Quality of documentaries] | C - NETFLIX [Quality of Series produced by OTT] | C - AMAZON PRIME [Quality of Series produced by SSP] | C - NETFLIX [Quality of movies] | C - AMAZON PRIME [Quality of movies] | C - NETFLIX [Availability of Languages] | C - AMAZON PRIME [Availability of Languages] | C - NETFLIX [Number of new releases] | C - AMAZON PRIME [Number of new releases] |
|-----------|----------------------------------|---------------------------------------|--|---|---|--|---------------------------------|--------------------------------------|---|--|--------------------------------------|---|
| Scale - 5 | 65 | 25 | 49 | 33 | 55 | 41 | 45 | 36 | 53 | 37 | 57 | 37 |
| Scale - 4 | 26 | 57 | 46 | 35 | 33 | 38 | 44 | 50 | 24 | 44 | 30 | 44 |
| Scale - 3 | 17 | 24 | 14 | 36 | 22 | 31 | 20 | 19 | 32 | 12 | 18 | 12 |
| Scale - 2 | 1 | 4 | 1 | 5 | 1 | 0 | 1 | 6 | 1 | 12 | 1 | 12 |
| Scale - 1 | 1 | 0 | 1 | 1 | 1 | 0 | 1 | 0 | 1 | 4 | 5 | 4 |

Table 2: Quality of content (Netflix vs. Amazon)



Graph 2: Quality of content (Netflix vs. Amazon)

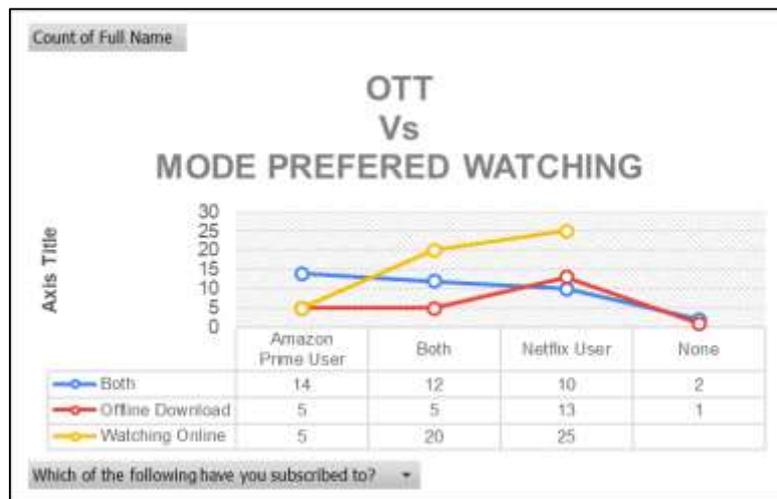
H1: Interpretation:

When the Netflix and Amazon Prime were studied based on the Quality of Content following were the ranks as per the various factors affecting the quality of content:

| Factors influencing Quality of Content | Rank for Netflix | Rank for Amazon Prime |
|--|------------------|-----------------------|
| Variety of Content | Rank 1 | Rank 6 |
| Quality of Documentaries | Rank 5 | Rank 5 |
| Quality of Series produced | Rank 3 | Rank 1 |
| Quality of movies | Rank 6 | Rank 4 |
| Availability of Language | Rank 4 | Rank 2 |
| Number of New Releases | Rank 2 | Rank 2 |

Ho: Netflix is better than the Amazon Prime due to the Quality of series produced.

Ha ≠ Ho: Amazon Prime is better in terms of Quality of series produced by Netflix.

H2: Netflix is better than Amazon Prime

Graph 3

H2 Interpretation:

When the data was collected and interpreted, the above graphical representation was extracted which proves that the percentage of Amazon Prime Users is more as compared to Netflix in Mumbai where as people preferring online watching as well as offline downloads on Netflix is way far more as compared to Amazon Prime users. Therefore, the hypothesis 1 is here proved to be right and is verified by the graph 4.

Ho: Netflix is better than Amazon Prime

Hypothesis Proved and one objective of the study is accomplished.

8. CONCLUSION

From all the hypothesis and the data interpretation following are the results derived which could be concluded by a researcher:

- Netflix is better than the Amazon Prime
- Customer Engagement Services of Netflix are way better than Amazon Prime
- Netflix is ranked at number 1 by the viewers for its variety of content, user friendly categorization of movies, number of new releases and the quality of download.
- Amazon Prime is rated number 1 by the viewers for their easy access of new trailers launched and the quality of series produced by SSP.
- People prefer watching offline data more as it helps in entertaining the viewers even in low network zones.

9. RECOMMENDATIONS

After studying the data where the researcher compared the services provided by Netflix and Amazon Prime, the researcher would like to recommend few suggestions to Netflix and Amazon Prime respectively:

Netflix:

- Work on engagement programs over social media platforms
- Work on the auto detection of the programs preferred by the subscribed viewers
- Improve the quality of movies and documentaries
- Work on customer friendly content search model

Amazon Prime:

- Even the Amazon Prime needs to work on the customer engagement programs on the social media platforms
- Improve the quality of download
- Provide more variety of data and not only the biopics
- Work on making their mobile applications more customer friendly

10. BIBLIOGRAPHY

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