

OTT: Comparative Study of Netflix and Prime Video

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ABSTRACT

Present entertainment industry is characterized by uncertainty, volatility and complexity. Emergence of new platform in industry has created chaos everywhere as to what is going to be the future of entertainment industry. OTT services have already penetrated the fifty percent of the market and with programs like digital India are ready to penetrate another fifty percent. Analysts have viewed this growth from different perspectives. Some view them as Complementary to traditional cable whereas other considers it to be supplementary. With the entry of new OTT players the growth of OTT platform is exponential but the research in this field is quite less. In this paper attempts have been made to understand the growth of two major OTT players in Indian market.

Keywords: OTT players, internet, growth, entertainment, market.

INTRODUCTION

In the recent years the growth of digital consumption has given rise to a new trend in the Media and Entertainment industry. The internet media is working on the principle of entertainment anywhere and everywhere. The transition of entertainment industry is gradual and can be attributed to changing consumption pattern and lifestyles. Convenient internet access, low cost smart phones, additional screens, competitive data plans, and increased bandwidth are the major factors contributing to the change in viewing behaviour.

Over the Top or (OTT) is basically a device that goes “over” a cable box to give the user access to TV content. In OTT channel and content, is delivered through an internet connection, rather than through a traditional cable service.

With the advent of OTT services entertainment industry is innovating and evolving each day. The screens of smart phones are growing bigger and so is the market share of OTT services. Deep penetration of internet services has opened/ welcomed/ invited new avenue in the media industry. Mobile video consumption has started to dominate the market of entertainment and OTT services are ready to capture the mainstream media. The content and flexibility offered by OTT services are giving tough competition to traditional broadcast viewers. Over the Top (OTT) Platforms have redefined the needs of the viewers. The new generation customers are bored of traditional saas-bahu saga and demands fresh content. OTT players have capitalized this demand of youths and have provided fresh stories and new content in drama like sacred games, Mirzapur, Game of Thrones. The competition of OTT services is not just limited with traditional broadcasters. Increasing number of OTT services providers are also giving tough competition to each other. Netflix, whose name is synonymous of online streaming is being challenged by various new entrants like Hotstar, Prime Video, Jio, Voot, ATL Balaji et. al. both globally as well as in India. In this paper an attempt is made to compare Netflix with Amazon Prime.

Objectives

In this paper an attempt is made:

- 1) To analyse consumer preferences for various attributes of OTT services
- 2) To find consumer preference with regard to OTT services providers – Netflix and Prime Videos by Amazon.

RESEARCH METHODOLOGY

The data used in the research paper is of secondary nature, collected from various research papers, journals and articles.

LITERATURE REVIEW

The OTT market is growing rapidly. According to a report by Ernst & Young, OTT market in India is expected to reach 500 million by 2020, making India the second largest market after the US. There is an influx of many global, local and independent platforms. Currently in India the number of OTT service providers have reached 40. The industry has enormous growth potential and is rewarding for both the parties involved that is the distributor and consumers.

Notwithstanding the huge growth of OTT services and the radical changes it brought in entertainment industry the amount of literature available on this subject fall short. Majority of studies focuses on the transition made in the entertainment industry with the advent of internet television. The growth of OTT services has been demonstrated through various case studies. Pagani (2009) had pointed about the uncertainty of the success of mobile -TV. The earlier acceptance of internet television was less. This slow adoption pattern was highlighted in the works of Miyauchi, Sugahara & Oda (2009)(2009). Wang Chang, Chou & Chen (2013) had studies the motivation behind the adoption of MTV among youths. Majority of previous studies were conducted in developed countries There is lack of study in Indian context. The present comparative analysis is done in Indian context. Attempt have also been made to understand the reason for the preference of various attributes considered before selecting a particular OTT Platform.

In present scenario, selection between Netflix and Amazon Prime Video, is not easy. Before preferring one over the another, the key parameters need to be considered, are hereunder:

Pricing:

Netflix has a three tier Pricing model, Basic, Standard and Premium, where the quality (SD, HD, UHD) and simultaneous streaming on number of devices changes with pricing. The price Varies from \$9.00 to \$16.00 per month, whereas Prime Videos has a straightforward pricing of \$119 dollars, per annum, for access to its entire library, with access to additional services such as free delivery. The competitive advantage in Indian context gets magnified, as Amazon prime video charges Rs 999 annually and Rs 129 monthly, whereas Netflix's basic plan starts at Rs 500 and goes up till Rs 800 per month. Thus, Amozon Prime Video is a clear winner.

Content:

Netflix has thousands of licensed Hollywood movies, TV shows, documentaries, and specials. But over the years, it's Netflix's original productions, like The Witcher, Stranger Things, and The Umbrella Academy, has increased Netflix's desirability. Unfortunately, with the emergence of competitors such as Disney+ streaming service, Netflix is stripped of some of its popular movies.

As compared to Netflix, Amazon has a much larger library of movies and TV shows, according to a December 2018 report from Reelgood — more than 12,000 movies — dwarfing Netflix. But Amazon's most recognizable Hollywood films are older, like Iron Man 2, Sherlock Holmes, and Top Gun, and mediocre (or worse). Amazon has also been providing original content, like The Marvelous Mrs. Maisel, Fleabag, Jack Ryan and The Man in the High Castle. In the long term, this is probably the right strategy, but currently, Amazon finds it difficult to compete globally with Netflix in that arena.

Both the service providers have been eying the Indian consumers with regional contents such as Sacred Games on Netflix and Mirzapur on Prime Videos, but Prime tops the list and has more regional content for Indian customers. One can find Tamil, Telugu, Bangali and similar more regional movies on Prime but not on Netflix.

It can be concluded, that Netflix has a marginal global advantage as far as content is concerned, but it loses on the same when it comes to Indian Market.

Clubbed Benefits:

Amazon Prime Video has two types of premium content which is not the part of annual Prime membership. With Amazon Prime one gets a rent or buy section that provides access to new releases and classics. There's also Amazon Channels, which is a way of subscribing to third-party cable networks like HBO, Epix, Starz, and CBS etc. This has the option of live streaming plus access to all the content, on-demand. Although this service comes with a cost, but saves you from the hazard of having multiple application.

Finally, one can't overlook the fact that Prime membership comes with some additional perks, like free two-day shipping on Amazon products, access to Prime Music, which is a decent if not stellar music-streaming service, and unlimited photo storage, just to name a few.

Considering the aforementioned facts, India Today as well as Digital Trends, prefers Amazon Prime Videos over Netflix. But in the study, it has been observed that for the upcoming youths i.e. people of 18-25-year-of age, consumption on OTT is second to video viewing on social media platforms, thus although Pay TV service is on a declining trend, it can't be claimed with certainty that OTT is the next big thing in entertainment industry.

User Experience, Audio, and Video

Video and audio quality on Netflix is superb. With Netflix one gets crystal-clear picture and sound — especially on a Premium plan. With top-quality audio and video, as well as a user-friendly interface Netflix has a competitive advantage, but it must be kept in mind that the better audio and video quality comes with a premium price.

Device Support:

Netflix, as the progenitor of the streaming media space, and has the most device compatibility. With support for all of the devices as Amazon, as well as few others including Nintendo 3DS, Netflix, has a marginal advantage, but with Chromecast support, Amazon has buried the hatchet and the advantage that Netflix enjoys, is closer than ever.

Criterion	Netflix	Prime Videos	Reason
Pricing	Tier wise Pricing based on video quality	Flexible Pricing	Suitable for Indian market which is price sensitive.
Content	Scores High on Original and Global Content	Scores High On Regional Content	Netflix scores high because OTT services are more popular among youths.
Added Benefits	No added Benefits	Free Delivery Renting Movies Subscribing to Additional Channels	Amazon prime appears clear winner as it gives more for less.
User Experience	Improves with the type of subscription	Common for all its customers	Netflix has an edge if customer is ready to pay for premium services
Device Support	Improves with the type of subscription	Simultaneous streaming up to three devices	Amazon Prime scores better as it is more user friendly.

FINDINGS

This study contributes to the existing literature on OTT services. The research finding ascertained that though Netflix is global leader in OTT service providers. In India, Amazon's Prime Video is scoring high due to its better understanding for Indian consumers mindset. The results revealed that Pricing is the most important factor in expansion of OTT services as lots of free OTT services are present in the industry. In addition, the study also found that viewers are ready to pay for fresh content. OTT market is a content driven market. Along with these customers also expect added benefits with entertainment. This is being provided by Amazon Prime Video. Thus, current trend presents Amazon's Prime Video as a clear winner for Indian market.

LIMITATIONS

The research has several limitations. First of all, the research is secondary in the nature based on previous data collected. Secondly it is done solely from Indian perspective. Future research could perhaps be done with primary data and can include a greater number of players which are excluded in this research for more comprehensive insight.

CONCLUSION

The primary aim of this study is to understand the OTT market from Indian perspective. The acceptance of OTT services is high among Indian consumers. Pricing is a stumbling block in the expansion of OTT market. Players/ Distributors will have to offer more for less. Apart from pricing content is also a significant determinant for the growth of any player in the industry.

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