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Streaming's Next Act

Aggregators to play a starring role in making consumers happier

Streaming has made tremendous strides in the past decade, offering an entirely new way for consumers to access entertainment and educational content. But as the landscape has matured, consumers increasingly find streaming to be complicated, expensive, hard to use—and not all that personal.

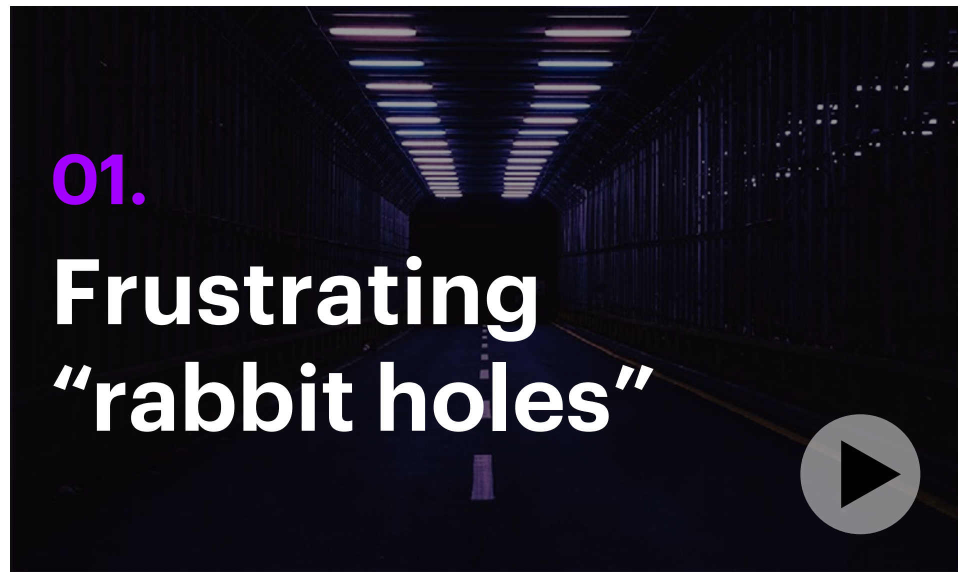
In this report, we explore the various reasons for consumer frustration, how a new aggregator role will help put the joy back into the streaming experience, and why streamers that choose to focus blindly on subscriber acquisition as a stand-alone entity risk peril in a shifting landscape.

Picture the scene: It's Saturday night, and a family is excited to settle in on the couch with a good movie—only to find it frustratingly difficult to search the content available across their four streaming providers. They spend 10 minutes jumping back and forth across providers, only to come up empty. And the recommendations the family has received for "movies you might like" are laughingly off base and of no help. Besides putting a damper on what was supposed to be an enjoyable evening, the entire experience reminds everyone how little of the content they're paying for across these providers they actually watch or are interested in—and, in turn, how much money they're wasting.

Does that sound familiar? It does to a lot of consumers, who increasingly are getting turned off by the current streaming experience. They're hungry for something different—and better. Although streaming has opened up a whole new way for people to access content, the experience has become unwieldy, unfriendly, and expensive—as recent Accenture research has confirmed.

Three issues eroding the streaming experience.

In our survey of 6,000 consumers in North America, South America, Europe, South Africa, and Asia Pacific, participants identified a lot of room for improvement in how they navigate and search across various providers, the types and pricing of bundles they're offered, and the relevance of the recommendations they receive. Overall, consumers' responses point to three big issues that are eroding the streaming experience.



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One issue is getting caught in the “rabbit holes.”

While growth in streaming services has given consumers an explosion in choice, it's also created considerable complexity. As they adopt more services, consumers must manually browse through platforms, screens, and menus until they eventually find what they're looking for.

And navigating through OTT services is like entering different rabbit holes, each with its own entry and exit—a turnoff for consumers.

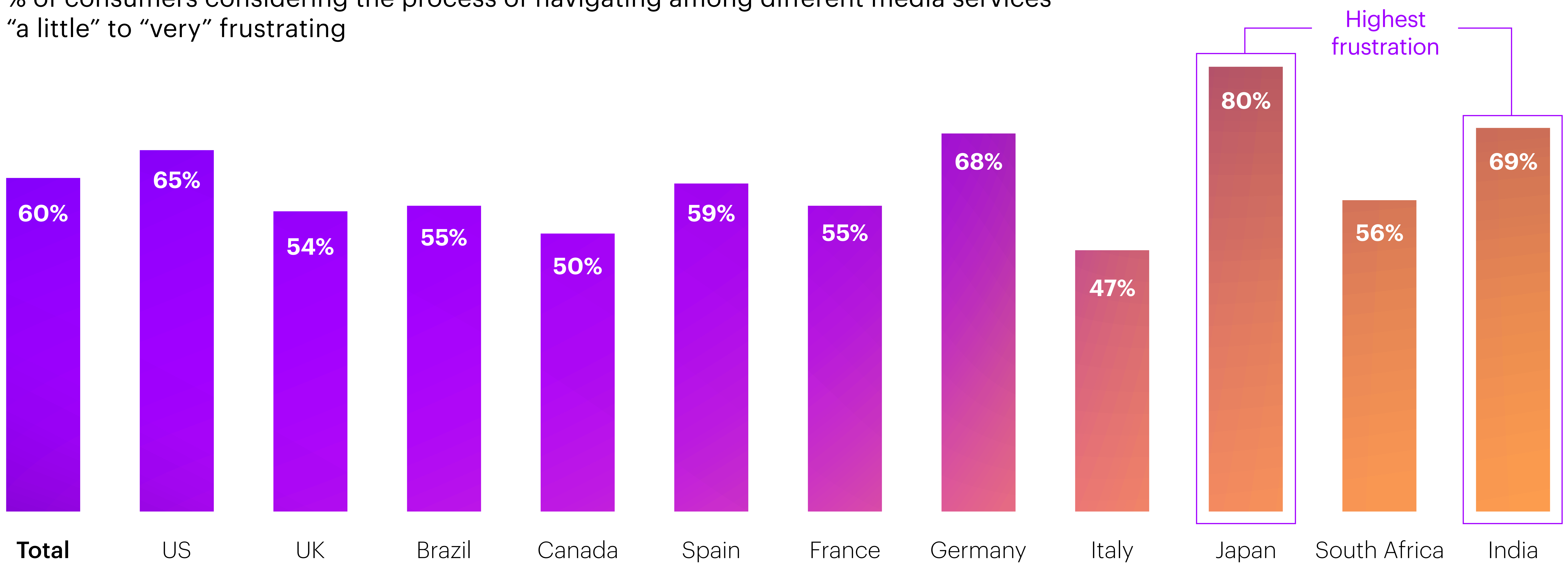
This is borne out by our survey, which found that 60% of consumers globally consider the process of navigating among these different services "a little" to "very" frustrating (Figure 1), and nearly half (44%) spend more than six minutes trying to find something they want to watch.

Consequently, 58% of consumers think that using a cross-service search engine like Roku or Apple TV is more convenient than going directly to a service and choosing something to watch, and 67% said such tools are a good way to find desired content.

Interestingly, our survey also found that the more services consumers use, the more frustrated they get. Twenty-two percent of consumers globally said they use four or more services, versus 33% of whom said they subscribe to just one. And the former are more likely than the latter (65% versus 60%) to say they're frustrated with the navigation experience.

Figure 1: Consumers' frustration with navigation

% of consumers considering the process of navigating among different media services "a little" to "very" frustrating



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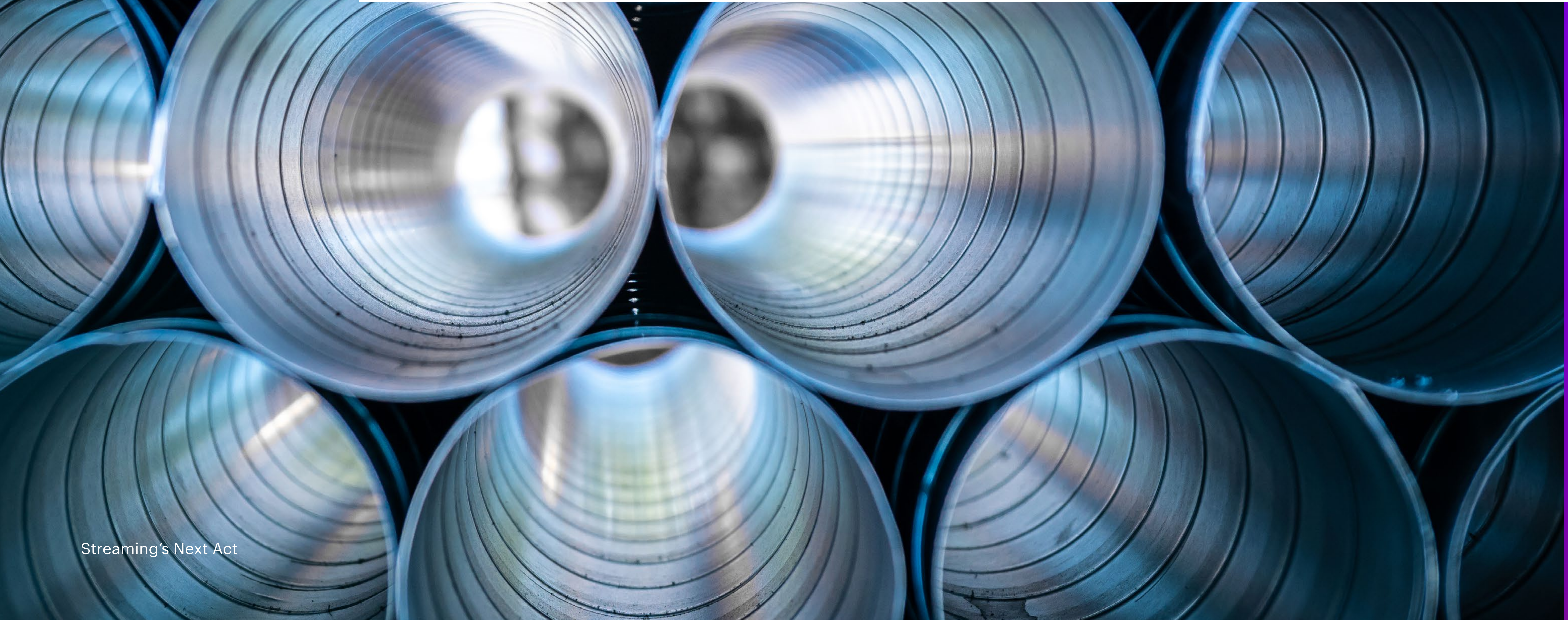
A second issue is encountering inefficient bundles—which can take several forms.

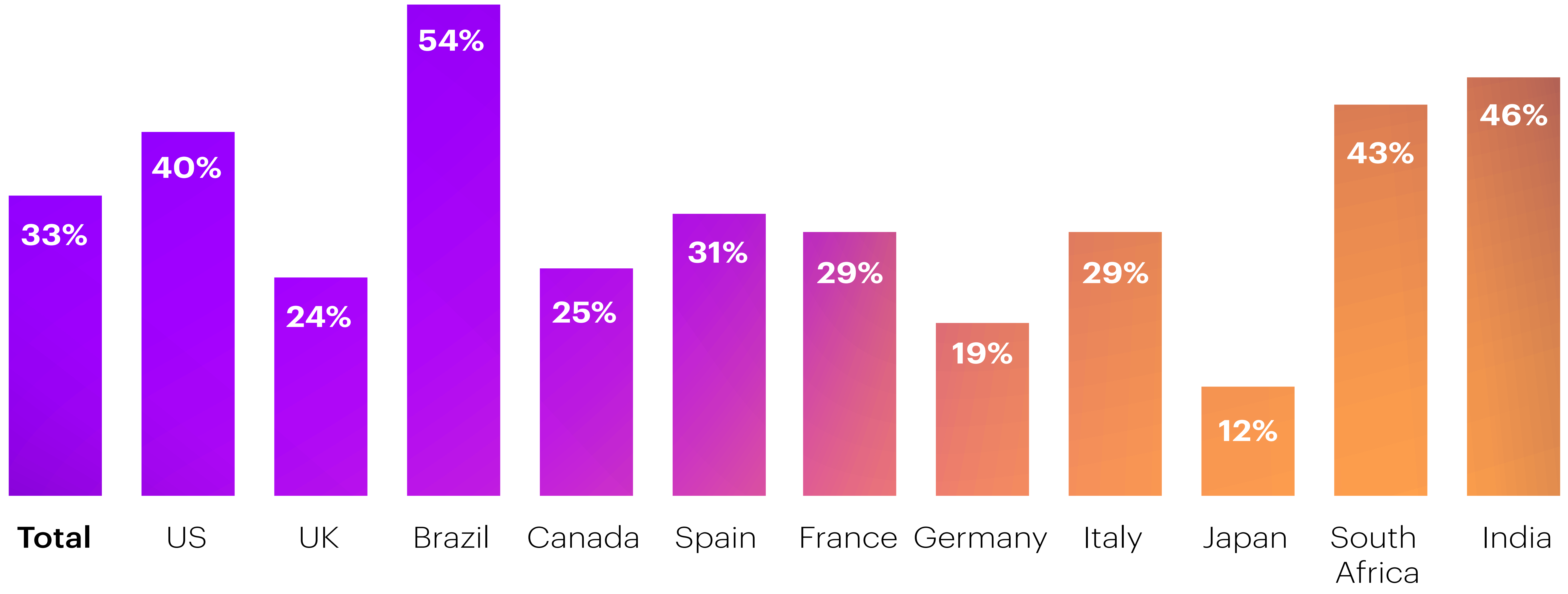


The monthly payments for more services are a growing problem. In fact, many consumers are approaching their upper limit on the amount of money they'll spend for streaming services.

According to our survey, 33% of consumers globally say they will "somewhat" or "greatly" decrease spend on media and entertainment across subscriptions and one-time purchases in the next 12 months (Figure 2).

Figure 2: Plans to decrease monthly spend on streaming services in the next 12 months

% consumers saying they will "somewhat" or "greatly" decrease spend on media and entertainment across subscriptions and one-time purchases in the next 12 months



There's also less appetite among consumers for adding new services to their existing subscriptions—just 34% said they were interested in doing so.

A big reason for the apparent lack of interest in new spending and services is that most consumers feel they're paying for a lot of content they never watch and they're not interested in.

For example, when consumers globally were asked what percentage of content provided by five major streaming services is relevant to them, no service topped 40%.

That's not far off from what we found consumers thought about the content they paid for from their cable providers a few years ago.

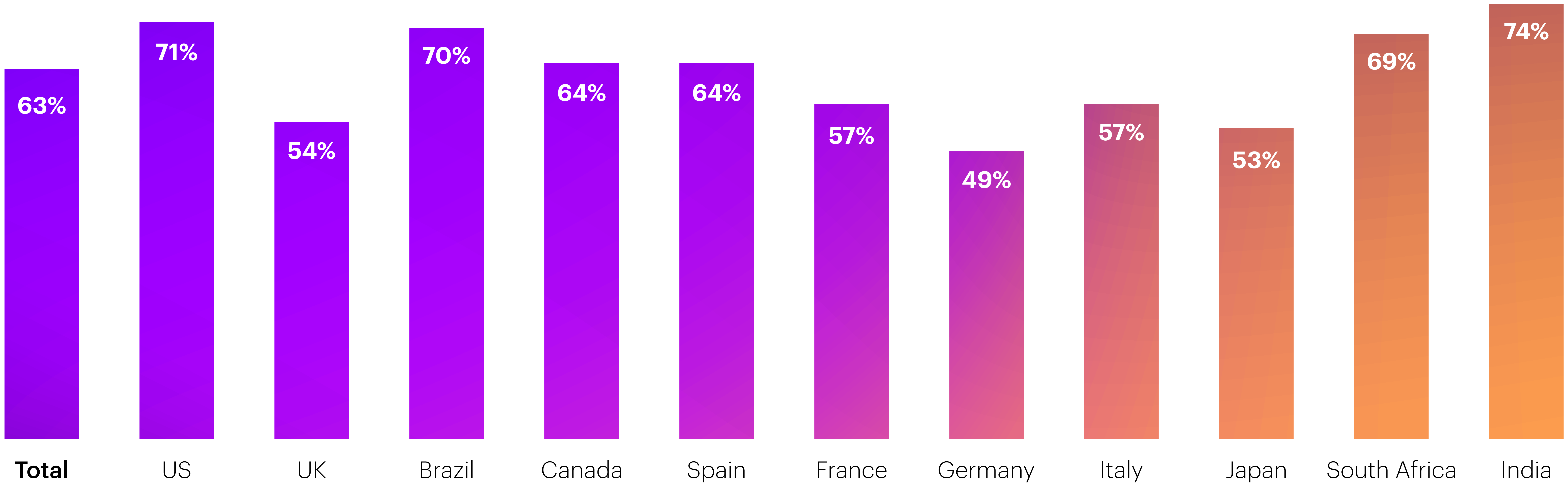
Compounding the problem for providers is a troubling state of brand loyalty among consumers for any particular streaming service. It's telling, for instance, that a majority of consumers in our research—in some cases upwards of 70% to 80%—said they care more about the content delivered by a particular service than the service itself. And that's tenuous ground for providers to operate on.

Also troubling is a widening price-value mismatch. Now that consumers have upwards of more than 200 streaming options in the U.S. alone, the math is starting to add up. Each service has its own bundle of shows, and today, most services only offer one bundle—and consumers are balking at what they have to spend. Our survey found that 63% of consumers globally agree that it's too expensive to pay for the entertainment subscriptions they want (Figure 3), and 62% said they thought entertainment would be cheaper because of services such as Netflix, but in reality, it's just as expensive as it's always been.

And they don't have much hope it will get any better: Seven in 10 (70%) consumers globally said they expect streaming services to continue raising their prices.

Figure 3: Consumers' perceptions of entertainment services value

% of consumers selecting "somewhat agree" or "completely agree" on the statement "it's too expensive to pay for the entertainment subscriptions I want to have"



03

A third issue is the fact that algorithms remained scattered across providers.

Incomplete or inaccurate recommendations and, hence, often irrelevant content, is unfortunately the norm for most consumers today. That's because only consumers' own remote truly knows everything consumers watched.

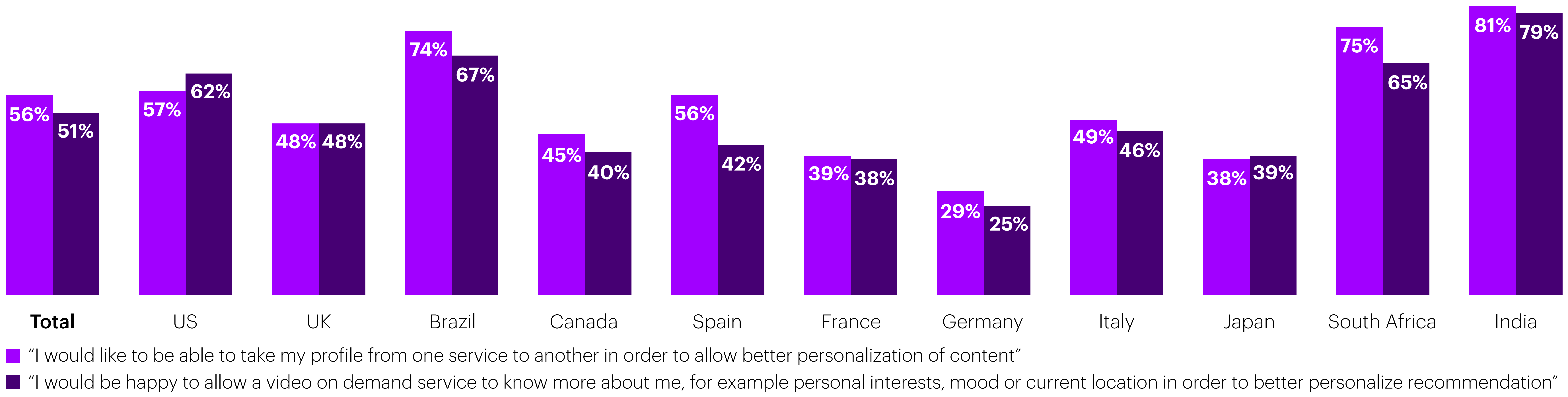
Many algorithms generate recommendations based on an incomplete viewing history—and those recommendations can be wildly off base. Furthermore, the reliance on the algorithm to pitch consumers shows doesn't allow consumers to tune the model, except through actual show selection.

Not surprisingly, a majority of consumers globally said they'd like to be able to take their profile from one service to another to better personalize content (56%); and they'd be happy to let a video-on-demand service know more about them to make recommendations more relevant to them (51%) (Figure 4).

Consumers also identified a number of ways services could provide better recommendations. These include allowing them to choose the genre they're interested in (73%); basing recommendations on the popularity of content (57%) or their mood (54%); and using what family or friends are watching to suggest content (47%).

Figure 4: Consumers' perceptions on the ability to personalize their content

% of consumers selecting “somewhat” or “completely agree” on the statements



It’s time to give consumers greater control over the experience.

The three issues consumers have with the current streaming experience and ecosystem all point to consumers’ desire to have far greater control over their experience.

They want to more easily navigate across the rabbit holes, to have greater choice in a service to pay for only what they want, and to “talk back” to the algorithm to help it do a better job of recommending content. In other words, they’re looking for a way to more meaningfully inject the “I” into the streaming experience.

For their part, most media executives agree: According to Accenture’s Technology Vision 2021 research, 77% of media executives said their organizations need to dramatically re-engineer the experiences that bring technology and people together in a way that puts people first.

So what does this look like in practice?

For streaming to continue to grow and fulfill its potential, we believe a big change to the ecosystem is needed: **the addition of a smart aggregator, sitting across multiple platforms, that dramatically increases viewers' control over the content they watch.** This aggregator can play an important role in eliminating the three major issues currently plaguing the streaming experience and frustrating consumers. It:

Unifies the experience through APIs and data-sharing agreements, which create seamless access across streaming services (including other forms of entertainment, such as music and podcast services and video games).

Fosters flexibility by serving as a single platform that enables viewers to select exactly what they want to watch, such as categories of specific shows, regardless of who's providing it.

Personalizes the experience by providing seamless navigation and curation across streaming services, created in collaboration with and for every individual.

A new industry structure emerges.

Aggregators will emerge and grow more prominent—they will be critical to resolving customer frustrations and helping to realize the payoff on the cord cutting vision.

Early versions are being assembled, although it's too early to call the winners. Some might come from the top-tier SVODs that "google up" other apps or make partner apps available inside their service. Others might emerge from access devices that already do basic aggregation of apps on, for instance, a connected TV or a stick that plugs into a TV.

Any of the current streaming ecosystem players—major SVOD services, access devices and connected TVs, major internet onramps and consumer apps, and even traditional cable operators—could become an aggregator.

To consumers in our research, it doesn't matter—they didn't express a strong preference for a particular company or type of company to play this aggregator role. But they were very clear that, overall, they expect innovation and improvement in this space and are looking for a company—any company, really— to come up with new and better ideas for delivering content to them in a way that makes their lives easier and their viewing experience far more enjoyable.

How many aggregators will exist?

That's hard to say. Today's world contains hundreds of streaming services, more than 200 alone in the U.S. So platform economics—and the simple challenges of discovery—likely will rapidly push the world toward a small number of aggregators that can achieve outsized financials through economies of scope and scale leverage. The numbers will only work for business models that can extract attractive rents from partner apps, subscriber fees, and premium CPMs while amortizing largely fixed operating costs across a bigger and bigger base.

In the interim, one can expect mini-bundles to form that offer attractive audiences for ad targeting or audiences that are willing to pay higher subscriber fees for premium content or services or for exclusive brands. Other mini-bundles might go for scale across with an everyman play—the Android phone versus the higher-priced Apple iPhone. Both types of mini-bundles will compete against the relentless logic of platform economics.

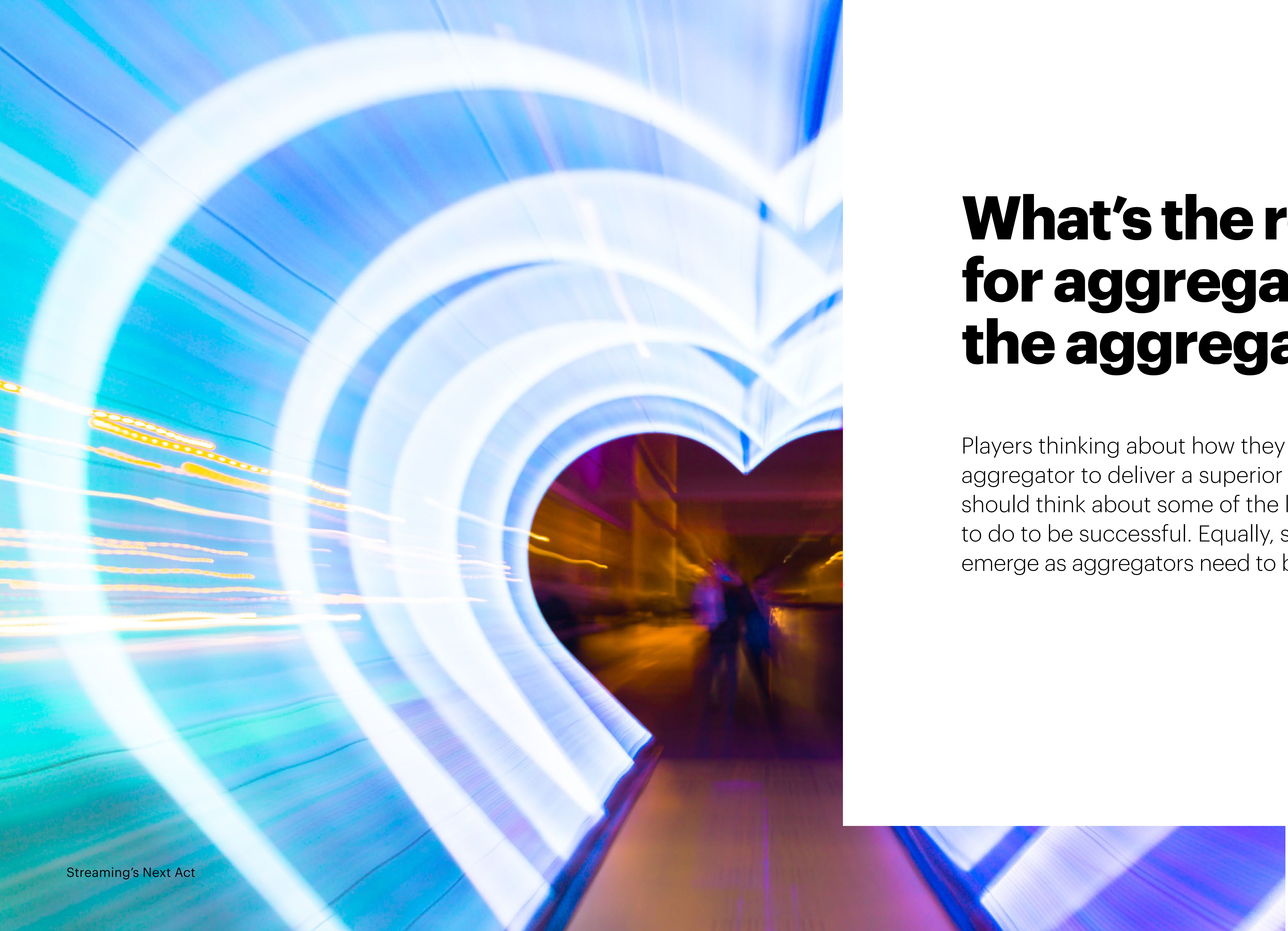
For the individual services, aggregators extract rents but also offer a range of benefits. One of the biggest is simply ensuring survival.

The life of a small streaming service can be challenged by a number of factors, including the content and marketing investments required to stand out, discovery hurdles, and the consumer frustrations Accenture's research highlighted. Tough economics and consumer preferences will create existential threats for even the mightiest of the small, independent streamers. However, with distribution secured on a broad-based aggregator, a focus on content types and audience niches provides an opportunity to improve the economics of the business.

So what does an endgame industry look like for consumers?

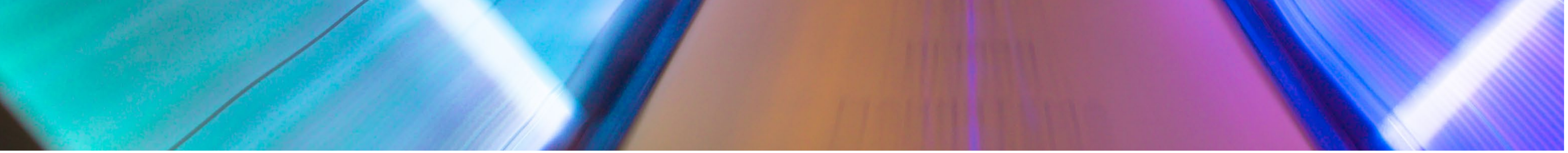
Is it a sequel of the aggregated world of cable operators? Perhaps, but it only achieves endgame equilibrium if the aggregators deliver on the promises of choice, personalization, and convenience. Even then, imagine the possibilities. Initial incarnations will be bundles of SVOD and AVOD streaming services. But look out for the categories of offerings to expand to including music services, digital books and podcast apps, video games, virtual fitness, food delivery, commerce, and even productivity tools.

As aggregators battle to own the "Time Spent" of consumers, we can expect future evolutions to aspire to be the onramps for any form of digital consumer experience. In fact, as Time Spent comes to include the limitless possibilities of the metaverse, aggregators, if trusted, can be enablers and caretakers of digital identity, entitlements, security, currency, and more. Indeed, the battle to be the home of a consumer's streaming experience may, in fact, be just the first skirmish in the broader battle to be the home of a consumer's every experience.



What's the road ahead for aggregators and the aggregated?

Players thinking about how they could step in as an aggregator to deliver a superior streaming experience should think about some of the key things they'll need to do to be successful. Equally, streamers not likely to emerge as aggregators need to be clear on their own path.



If you want to be an aggregator, the Law of Gravity should be your guide. Objects, as they obtain mass, draw other objects to them. And **obtaining that mass** won't come from an inward focus on your own subscriber growth. That's important, but it's not everything. Aggregators must also **prioritize partnering**—with distribution partners to gain ubiquity on devices, but also with fellow streamers that want to be distributed through you. No doubt, as you grow, shrewd M&A purchases can expand your offering. But more often, your bundle will necessarily include countless external partners, as you're competing on scope and scale. Vast partnering will put a premium on **ease of connecting**, so the next step is simplifying the process of bolting on a new partner service. Then, you need to **help consumers easily explore**, discover, and experience all of that mass.

That means delivering the convenience, better personalization, bevy of compelling ways to spend time, and possible pricing efficienices that attract and retain consumers. Finally, **trust and security must rule**, as consumers increasingly put their lives in your hands.

The to-do list for a streamer opting to ride inside an aggregator is different. If aggregators follow the Law of Gravity, individuals streamers must follow the Law of Attraction: Stand out, **be essential**, and make everyone want you. A logical angle is to provide **unique and compelling content**. You might **focus** but, if you play in multiple categories, you might strike a deal to be the **exclusive** provider of content in a category, like anime or horror, thereby blocking competitors from being a part of the bundle. Still, your economics may require you to be "everyone's friend," meaning ensuring **partnering ubiquity** to appear in every aggregator's bundle and, by extension, becoming **easy to integrate** and having a distribution deal team that can achieve that ubiquity. Your ability to extract advantageous partnership terms will come down to the desirability of your audience and your content and the Time Spent it consumes. So build your **insights engines** to stay attuned to your audience's preferences.

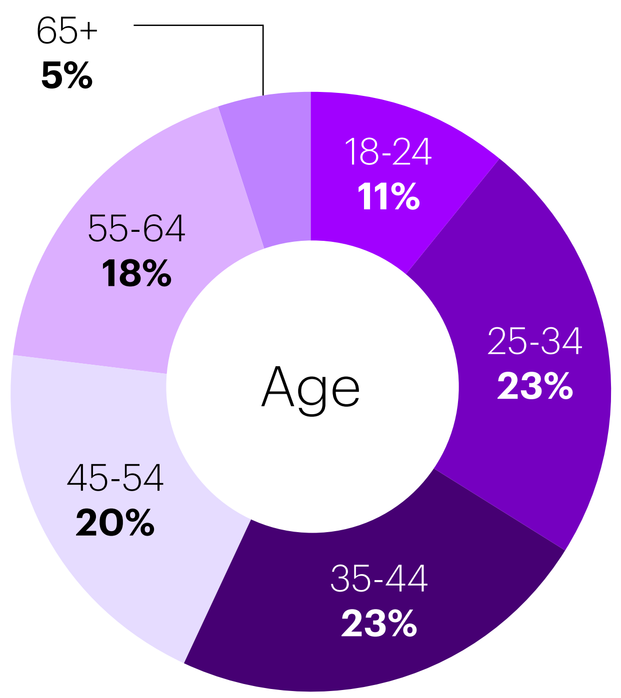
There's no doubt aggregation is coming. Consumers clearly want it and the industry as a whole needs it. Becoming a successful aggregator or surviving as an individual streaming service requires different sets of actions. But what's clear for all players: A blind focus on driving subscriber counts without taking steps to position the business for the aggregated future, regardless of which route you choose, presents near-certain peril.

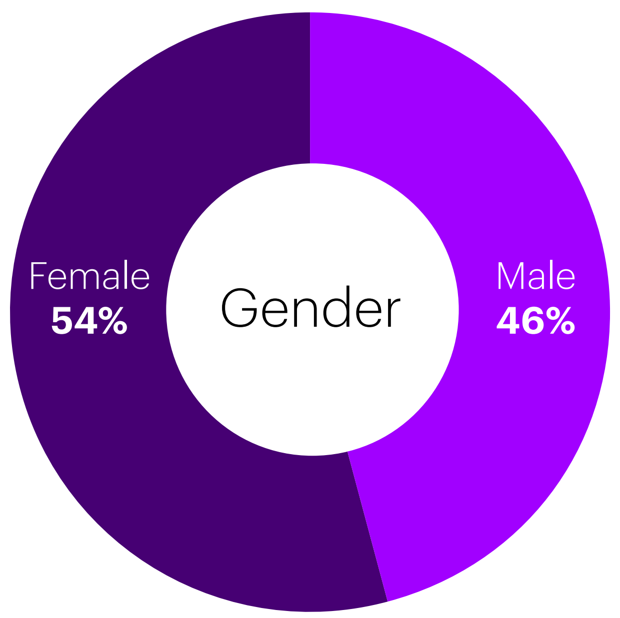
About the research

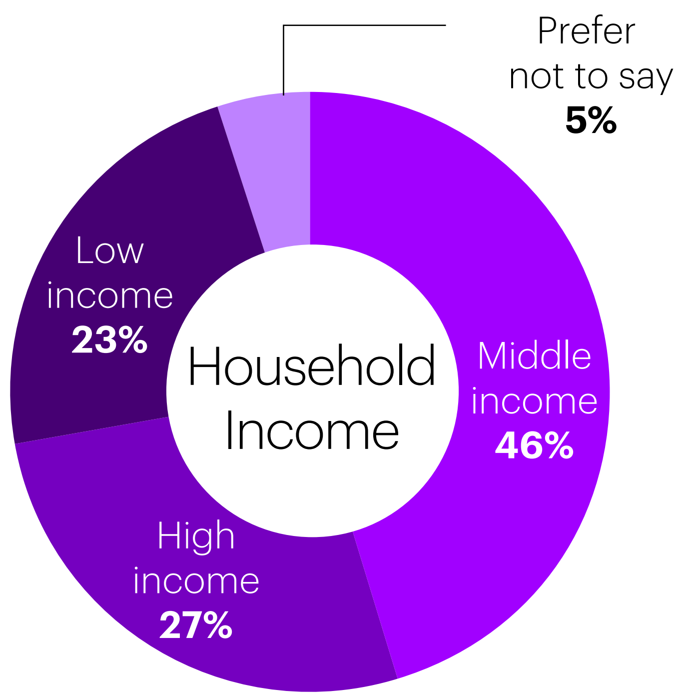
Accenture conducted research to gain an understanding of global consumers' preferences, beliefs and behaviors on their video content streaming experiences. The online survey of 6,000 consumers age 18+ in 11 countries was designed to identify significant changes to the existing D2C media regime and offer suggestions for brands across the media spectrum to adapt their model to be more relevant and successful with customers. Fieldwork was conducted between October and November 2021.

Our research, and that of our partners in our ecosystem, employs ethical and responsible research methods. Respondents reveal their identities voluntarily, we anonymize all personal data in our data set, and report results in aggregate. We commit to not using the data collected to personally identify the respondents and/or contact the respondents.

Demographics (Global)







Countries

US (1000)
Canada (500)
Brazil (500)
UK (500)
Italy (500)
Spain (500)
Germany (500)
France (500)
South Africa (500)
Japan (500)
India (500)

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