

Key OTT Trends in 2021

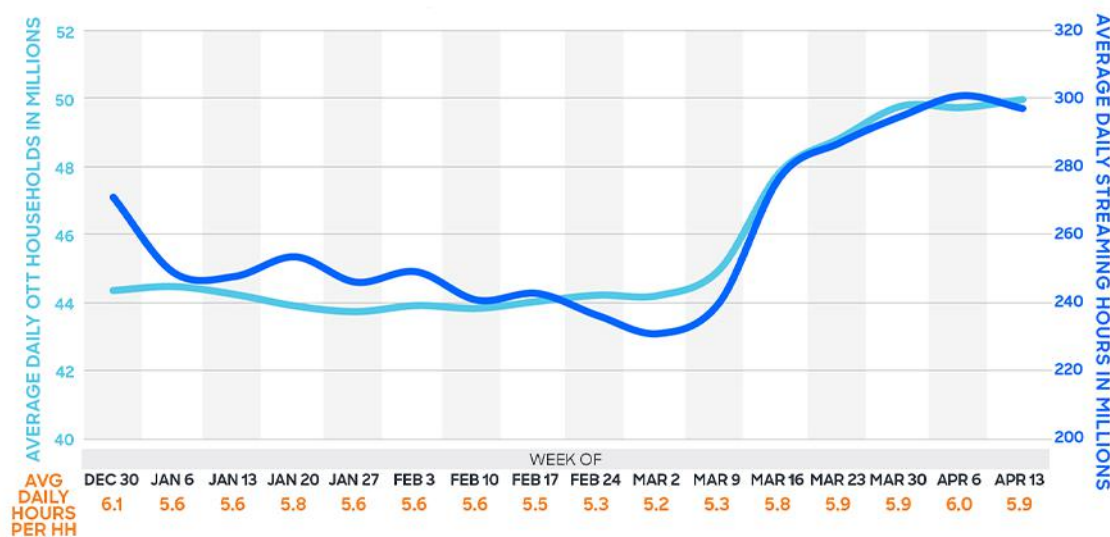


According to Statista, by the end of 2021, the number of OTT subscribers is expected to cross 650 million.

The **OTT industry** is one of the few industries that flourished during the pandemic. Stuck at home, people resorted to these online platforms for all kinds of needs-educational, informative, and entertainment. And now that they're back into the open world, they're hooked onto the OTT platforms that were with them during the tough year of 2020.

While many platforms existed before 2020, given the vast opportunity and low barriers to entry, several new players entered the OTT market in the hope of competing with major players like Netflix, Amazon Prime, and Hulu.

Average daily streaming households and hours by week



OTT Consumption saw exceptional growth starting in early March 2020, and plateau afterward

Source: Comscore, The State of OTT Report (June 2020)

Key OTT Trends in 2020

2020 saw the OTT industry grow manifold and paved the way for its future by setting specific key trends. Let's take a look at these trends in detail.

Type Of Subscription

- **Monthly subscriptions** were a preferred method of subscription before the pandemic. But aggressive marketing and enticing customers with the content of their choice while they were forced to stay indoors created a trend of customer loyalty.
- **Yearly subscriptions became the new trend in 2020**, as opposed to monthly subscriptions. This has allowed OTT platforms to monitor their users' behavior and provide even more customized content, creating a high lifetime customer value while lowering their retention costs.

While existing players like Netflix, Amazon Prime, etc., will reap the benefits of this new trend, newer players will have to fight it out to pull these yearly subscribers off their current platforms and onto the new ones.

Cord-Cutting To Continue

The Covid-19 pandemic saw an acceleration in the already prevalent trend of cord-cutting. It's estimated that around 6.6 million households cut cords in 2020. But what's the reason behind people choosing to opt for OTT services rather than the more traditional Pay TV?

OTT platforms provided a myriad of choices that Pay TV was unable to provide, in addition to the convenience of on-demand viewing rather than following the television network's programming schedule.

The pandemic also put several people out of work, severely impacting the economy and disrupting households. As people were left with limited resources, they decided to cut back on Pay TV spending.

Covid-19 Could push half a Billion People into Poverty

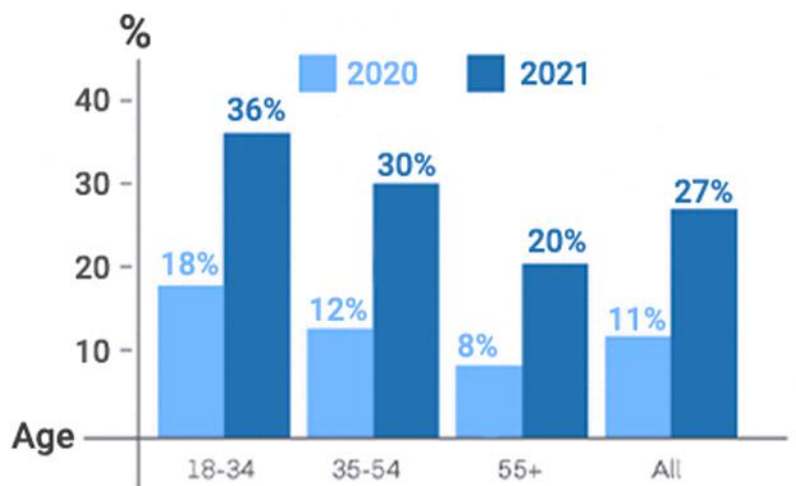
Additional people in due to a 20% income drop caused by a COVID-19 recession



Source: Forbes and Statista

One of the other most significant reasons for cord-cutting was the lack of sporting events. Since sports channels were not lucrative without new events happening, people thought it was best to let go of television viewing.

Cord-Cutting Accelerated Across All Generations



Source: theTradeDesk

A Breakdown of who intends to cut the cord by age, 2020 vs 2021

Advertisements Are Here To Stay

Remember when advertisements were associated with television? When your favourite shows would take a break every 10 minutes to make money through advertisers, the channel could make money. The same is true now, but for OTT platforms.

Advertisers are bound to flock to the platforms that have a bigger chunk of their target audience.

While there are different monetization models for OTT platforms, ads remain one of them, especially for platforms like Youtube and Hotstar, to make money from advertisers rather than from users in their free version.



Source: myhoardings.com

Mobile Streaming Is The Way Forward

The ease of use and the convenience of carrying the phone around anywhere, without having to pause what you're watching have made streaming on mobile the preferred choice.

According to Statista, video viewers on mobile surpassed 179 million in 2020 in just the US.

Now that countries have begun to open up, and people will start spending time outdoors again, they are likely to watch more videos on their phones during their commute times or while waiting for a friend, vs actually switching on their laptops and desktops that are not that convenient to carry around.



Source: myhoardings.com

Live Streaming All The Way

The pandemic paved the way for Zoom meetings and seminars from the comfort of your homes. In addition to formal events, concerts and stand-up events also moved online, with users paying for access to the event's live stream.

Things will go back to happening online once the pandemic is entirely over, but the new trend of live streaming is here to stay. This is an excellent opportunity for video communication platforms to monetize and capitalize on the need for live streaming.



Radio Is Losing To Online Music Streaming

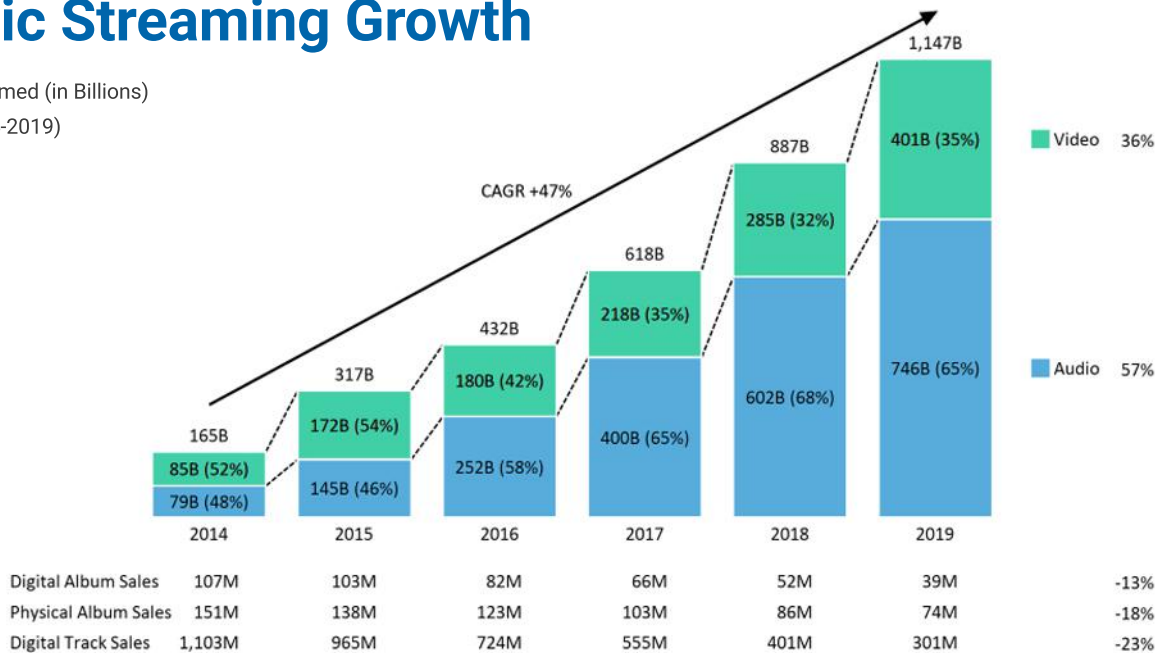
According to a report by Businessinsider, Americans stream music over listening to the radio by about 4 minutes on average.

Listening to a song of their choice vs that of the radio station, and the freedom from long ads and the RJ's commentary has led this to happen for serious music lovers.

There was a time when users would download music to their systems and listen to them as and when required. But this was the story of when the dial-up connection was required to connect to the internet, and it was ridiculously expensive. So today, users continue to stream music online, with access to a vast library of songs from all genres, without having to worry about any storage space restrictions.

Music Streaming Growth

Songs streamed (in Billions)
CAGR (2014-2019)



Source: MekkoGraphics

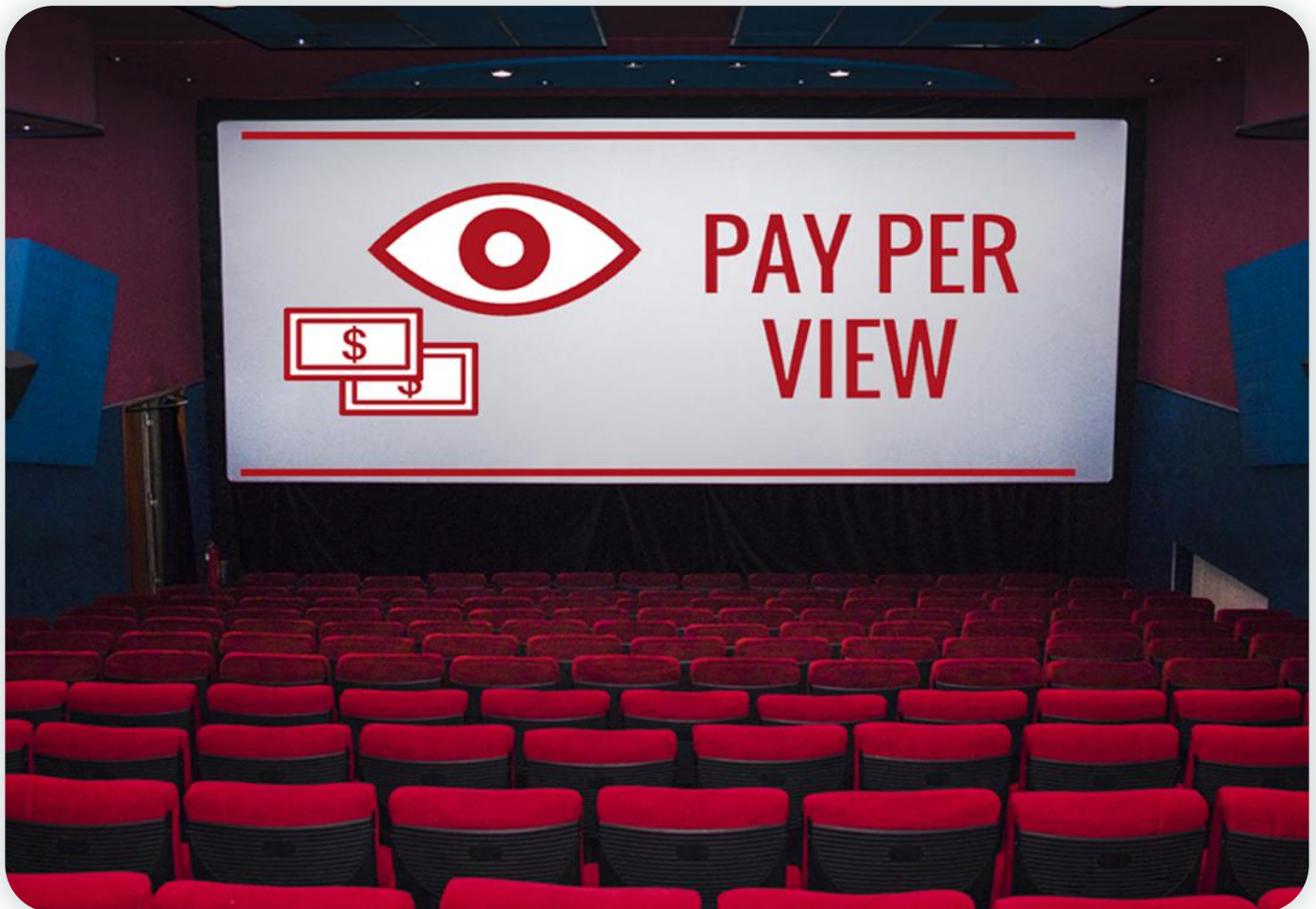
Over 1 trillion songs were streamed in the US in 2019, Overall streaming growth was 47% per year from 2014-19, while sales of albums and tracks fell.

Alternative Monetization Models

OTTs have almost always relied on the revenues from user subscriptions. But as people increasingly want access to content from multiple platforms, subscribing to each of them becomes a costly affair, and users are left having to prioritize and choose.

OTT platforms saw a shift towards the pay-per-view model and heavy reliance on advertisements rather than charging the users as an alternative earning revenues.

Bundling was also observed, with platforms like Hotstar providing content from Disney, ESPN, and National Geographic with very little to no additional costs.



Source: binged.com

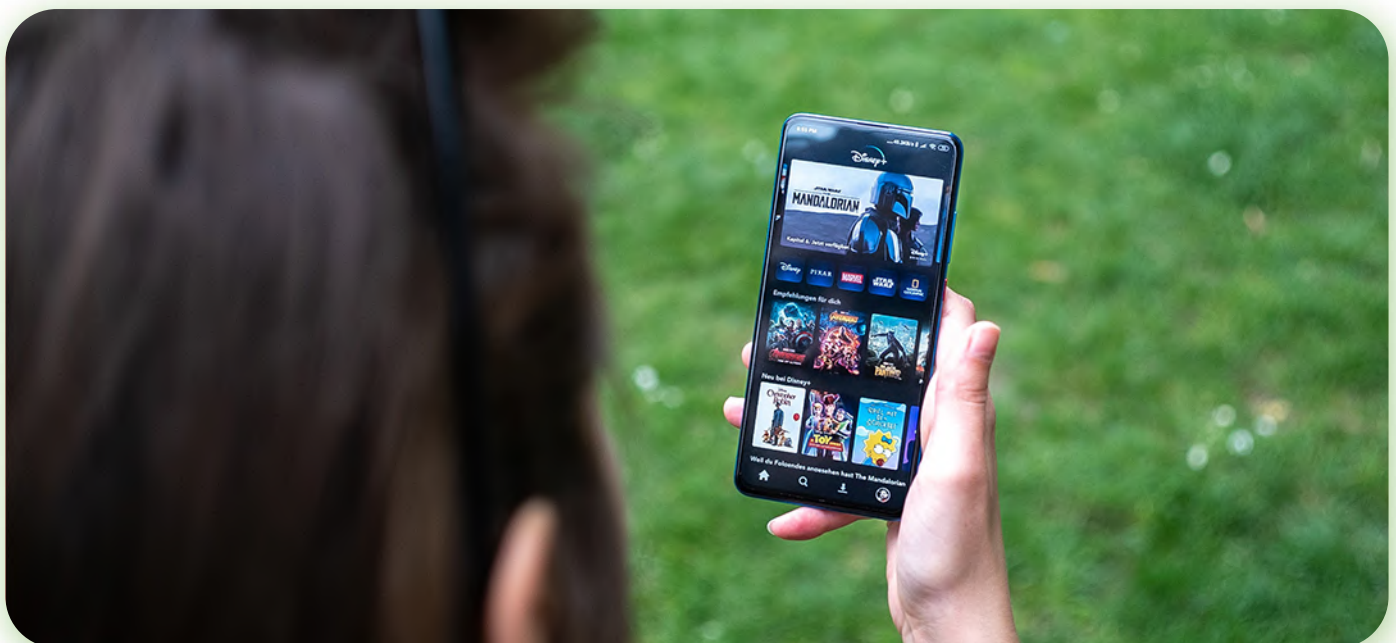
In Conclusion- Key OTT Trends in 2020

The OTT industry is not as volatile as other industries and is going to experience sustainable growth. The increase in disposable incomes has also led to the rise in the number of smartphones owned by people across the globe, which in turn is leading to greater content consumption on the go on OTT platforms.

**With 5G just around the corner,
internet speeds are faster, and the
plans are cheaper than ever.**

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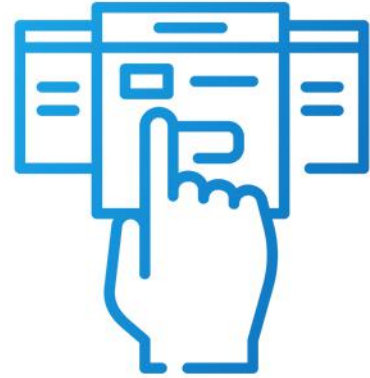
The majority market share today is enjoyed by players like Netflix, Hulu, and Amazon Prime. But newer entrants are proving to be threatening, with engaging content and aggressive marketing strategies. With the increased number of players, users have nothing to lose, as they will only get cheaper plans and more quality content due to all this competition.



About Magnaquest

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sure

Sure is a subscription life cycle management platform that enables brands to deliver delightful customer experiences with zero hassles. With modular, scalable features to manage billing and engage with subscribers across a spectrum of communication channels, Sure helps companies maximize subscription revenue, build and nurture relationships, and minimize customer churn.

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