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Consumers' Preference Towards OTT Platforms During COVID-19 Pandemic: A Case Study of Pune District, Maharashtra

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Abstract

OTT platforms have emerged as a new trend during the COVID times. The study aims to find the most preferred OTT platform and the reasons that affect the consumers' preferences in selecting an OTT platform. The study also compares the preferences of millennials with those of non-millennials. The survey has been conducted only on the population of Pune district, Maharashtra. Graphs and diagrams are used to analyze the data collected. A Chi-square test using MS Excel has been used for testing the hypothesis. This paper concludes with findings that are a mixture of the differences as well as the common interests of the millennials and non-millennials with respect to OTT platforms. It has been found that Netflix is the most preferred OTT platform because of the variety of content it offers. The study winds up inferring that the consumers will continue to enjoy the services provided by these platforms even in the post-COVID time.

Keywords: *consumers' preference, OTT platforms, Netflix, variety of content, millennials, non-millennials*

1.0 Introduction

The spread of Covid-19 started in India on 30 January 2020 in Kerala's Thrissur district through a student who had returned home for a vacation from Wuhan University in China. The complete lockdown was imposed in the country with effect from 24 March 2020. Due to this, all the offices, schools, institutions, cinemas, and all the other public places had been closed down completely and people were forced to be locked in their houses. With time, this created a lot of boredom within the people as they could not go out and enjoy themselves like they used to. OTT platforms acted as a saviour for such people by giving them the entertainment they desired from the safety of their home which led to the increased popularity of OTT platforms in India.

OTT has become the buzzword in the Indian entertainment sector. Nearly 89% of the population watches films on OTT platforms (*Dr Mrinal Chatterjee and Sambit Pal*). OTT (Over the Top) media services are providing film and television content to the consumers directly through the internet rather than a cable or a satellite provider. The top ten trending OTTs in India

are Amazon Prime, Netflix, Disney + Hotstar, Voot, ZEE5, MX Player, ALT Balaji, Eros Now and Arre. Disney+Hotstar has taken a lead in India with over 400 million daily active users and over 8 million paid subscribers. The reason behind its success is that along with movies, series, and original shows it also telecasts live sports. One of the key elements for the popularity of this platform in India is the broadcast of the Indian Premier League (IPL). This platform also provides little content which is accessible without any subscription. The two biggest competitors for Hotstar are Amazon Prime and Netflix. Amazon Prime also has a good fan base because of the wide range of services it offers without any extra charge, which is only at the cost of the subscription rate. Amazon is one of the major players in the Indian market but has a small audience share in India (*Dr Paramveer Singh, 2019*). Hotstar, Netflix and Jio are the major players in the Indian OTT service market. Netflix has brought in the concept of binge-watching because of its technological advancement that is the dark TV mode. One of the reasons behind the sudden popularity of Netflix in India is its feature of subtitles (*Richa Sarah George, 2019*).

Even though these services are priced, people flock towards them because of the bundled content provided, the variety of options available, the convenience of watching a show, movie, or series from anywhere at any time, etc. Television is considered as content restricted by the users whereas, for OTT, they feel that they get exclusively brewed content at any time of the day. Some of these OTTs are even multi-faceted and provide different facilities also apart from just shows or movies at the same price of the subscription rate.

The subscription rate is also one of the major reasons for the lower number of people subscribing to OTT platforms. Other reasons are the non-availability of regional shows, poor bandwidth infrastructure, less awareness among consumers of tier 1 and tier 2 cities and the non-availability of various payment options (*Dr. Virendra Khanna, 2016*). Factors like digitization, high-speed internet at lower costs, technological advancements even in the rural areas and other such factors have created huge potential for the growth of OTTs in India. Mobility and price act as the two main factors that influence a consumers' decision regarding DTH services or OTT services and most consumers prefer OTT services over others (*Daniel Varun Paul, 2020*). Indian OTT market

is expected to grow at 21.8% CAGR (Compound Annual Growth Rate) making India the second-biggest online video market in the world (*PwC's Global Entertainment and Media Outlook 2019-2023*). However, there are various issues that the OTT platforms face in India. The major issue is that Indian consumers don't wish to spend on the subscription and so there are a lot of fake logins taking place or they even share the same ids with their friends and families which affects the revenue of the OTTs. But these intense competitions between various platforms will lead to continuous improvements in the contents and services being provided at lower rates. On average, users spend approximately three hours on OTT platforms whereas the average has increased by 3 to 4 hours during the lockdown (*Nandini Parikh*).

The main objective of this study is to find out the most preferred OTT platform in Pune city and also to analyze the various factors influencing consumers' preference towards them. The 5 OTT platforms considered for this study are Netflix, Amazon Prime, Voot, Zee5, and Disney + Hotstar.

The paper also tries to find out whether consumers have shifted their preference from television to OTTs during COVID. This study considers both millennials (people in the age group of 22-38) and non-millennials (anyone apart from the people in the age group of 22-38). More than 70% of the millennial population claimed that OTT platforms are much better than televisions (*Dr. Sabyasachi Dasgupta & Dr. Priya Grover, 2019*). Since people of different age groups prefer different content, this study also tries to study the differences in the opinions of millennials and non-millennials regarding OTT services.

2.0 Research Gap

OTT platforms have become a part of the lifestyle of most of the urban population and are also a major source of entertainment. There is very little research done on this topic during COVID times. Also, the concept of comparison of the choices of millennials and non-millennials has not been taken up previously. Thus, this study is focused on finding out the most popular OTT platform and what reasons navigate consumers' preferences towards them during COVID,

at the same time comparing the preferences of millennials and non-millennials. Many research papers have emphasized the importance of subscription rate for Indians while selecting any OTT platform, so the study tries to find out how important it is for the consumers in Pune and the results were surprising. Also, there was a need to find out if the consumers will still prefer OTT or will switch back to TV once the COVID-19 situation is over.

2.1 Research Methodology

The study is based on a survey method. A Questionnaire was prepared through Survey Heart Form to collect the data. A total of 70, (with an equal number of millennials and non-millennials i.e.35 each) respondents from Pune city have been selected as a sample for data collection. The data is analyzed through various charts and graphs. For the hypothesis testing, a chi-square test with the help of MS Excel was conducted.

2.2 Research Objective

1. To examine the most preferred selected OTT platform between millennials and non-millennials.
2. Analyzing reasons behind consumers' preferences towards various OTT platforms

2.3 Research Hypothesis

- 1) Ho - Subscription rate is not the most important criterion for consumers while choosing an OTT platform
- 2) Ho - OTT platforms are equally preferred to television platforms

2.4 Hypothesis Testing

Hypothesis testing is done using the *chi-square test on MS Excel.*

The Chi-square test is intended to test how likely it is that an observed distribution is due to chance. It is also called a "goodness of fit" statistic because it measures how well the observed distribution of data fits with the distribution that is expected if the variables are independent. It is

used to determine whether there is a statistically significant difference between the expected frequencies and the observed frequencies in one or more categories of a contingency table.

The p-value, used in the test, is conditional upon the null hypothesis being true which is unrelated to the truth or falsity of the research hypothesis. A p-value higher than 0.05 (> 0.05) is not statistically significant and indicates strong evidence for the null hypothesis.

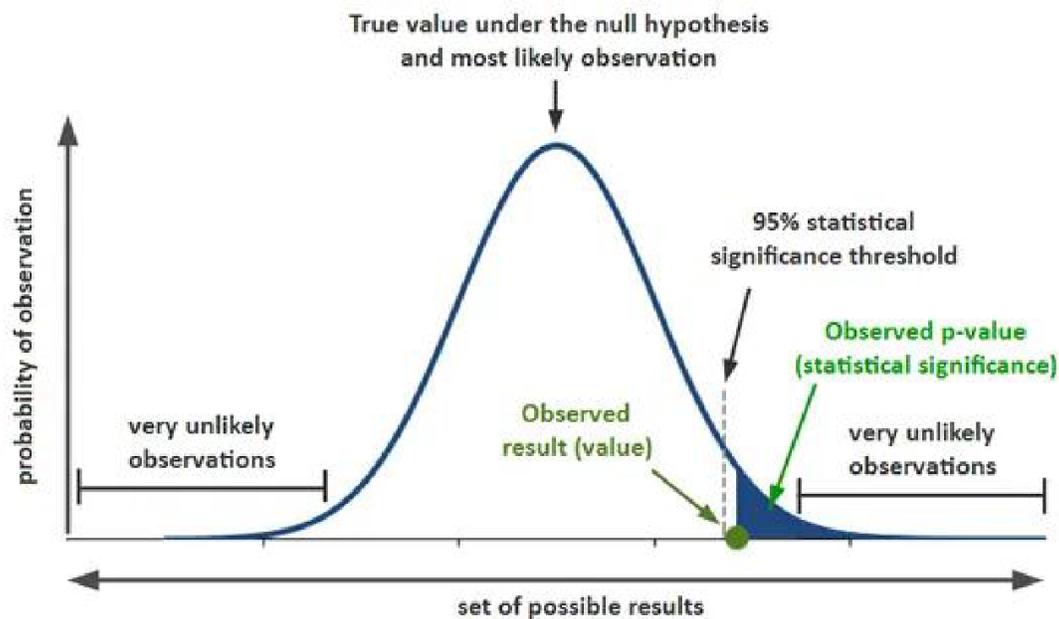


Figure 1: chi-square test

The study uses the chi-square test because the data we have is unrelated to each other and we aim to find the relation between them.

The formula used for calculating the chi-square value is-

$$(\text{observed value} - \text{expected value})^2 / \text{expected value}$$

H₀ - Subscription rate is not the most important criterion for consumers while choosing an OTT platform.

H₁ – The subscription rate is the most important criterion for consumers while choosing an OTT platform.

In many of the already published papers on the topics of OTT, it has been proved that subscription rate is the most important factor for selecting an OTT platform. In this hypothesis, the study tries to find out whether subscription rate is the most important criteria even in this case (i.e. for consumers of Pune), or does this study show otherwise.

(all these calculations are done in MS Excel)

Category	Hypothesized proportion	Observed	Expected	Chi-square values
Millennial	0.5	31	28.5	0.21
Non-millennial	0.5	26	28.5	0.21

Sum of observed values=57

Chi-square = 0.43

p-value= 0.50 (using the formula:- =CHISQ.TEST(array1, array2))

test statistic= 0.43 (using the formula:- =CHISQ.INV.RT(probability, degree of freedom))

alpha value for confidence interval (CI) of 95%= 0.05

In this case, p-value > alpha, as 0.50>0.05

Hence, **H0 cannot be rejected.**

Thus, the Subscription rate is **NOT** the most important factor while choosing an OTT platform.

H0 - OTT platforms are equally preferred to television platforms.

H1 - Both platforms are not equally preferred.

For the second hypothesis, there was an attempt to find out whether the OTT platforms are equally preferred to the television platforms, or whether one of them has more preference over the other.

For millennials:

Category	Hypothesized proportion	Observed	Expected	Chi-square values
OTT	0.5	29	17.5	7.55
T.V.	0.5	6	17.5	7.55

Sum of observed values= 35

Chi-square= 15.11

p-value= 0.0001 (using the formula-: =CHISQ.TEST(array1, array2))

test statistic= 15.11 (using the formula-: =CHISQ.INV.RT(probability, degree of freedom))

alpha value for confidence interval (CI) of 95%= 0.05

In this case, p-value << alpha, as 0.0001 << 0.5

Hence, **H0 is rejected.**

For non-millennials:

Category	Hypothesized proportion	Observed	Expected	Chi-square values
OTT	0.5	21	17.5	0.7
T.V.	0.5	14	17.5	0.7

sum of observed values= 35

chi-square= 1.4

p-value= 0.23 (using the formula-: =CHISQ.TEST(array1, array2))

test statistic=1.4 (using the formula-: =CHISQ.INV.RT(probability, degree of freedom))

alpha value for confidence interval (CI) of 95%= 0.05

In this case, p-value > alpha, as 0.23 > 0.05

Hence, **H0 cannot be rejected.**

Since for millennials, H0 is rejected, and for non-millennials, H0 is not rejected, the study concludes by rejecting H0, because for it to be accepted, it should be accepted by both categories. Hence, OTT platforms and TV are **NOT** equally preferred.

3.0 Data Analysis

1. **Consumers' preference:**

During COVID, both millennials and non-millennials prefer watching OTT as compared to TV. Both categories feel that they have the freedom to watch the content of their choice from a wide

variety of options available for them, according to their convenience of place and time. This is what makes OTT better than TV. 91.42% of millennials prefer watching OTT while in the case of non-millennials the percentage drops a bit to 68.57% suggesting that for some non-millennials, TV is still a better option.

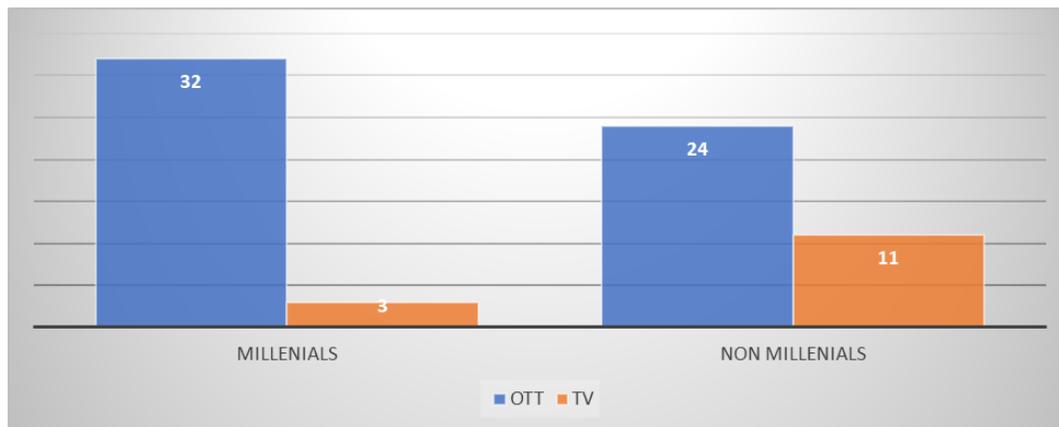


Figure 2: Preference of consumers- OTT v/s T.V.

2. Most preferred OTT:

As it can be concluded from Table 2, 21 millennials and 17 non-millennials have Netflix as their first preference. This shows that both the categories prefer Netflix above any other platform. Netflix is followed by Amazon Prime for both millennials and non-millennials. From the survey, it was found that the variety of content offered on Netflix makes it the first preference of most of the consumers. On Netflix, original content is more and better as compared to other OTT platforms considered in the study.

OTT preference	Netflix		Amazon Prime		Disney + Hotstar		Zee5		Voot	
	Millennials	Non-millennials	Millennials	Non-millennials	Millennials	Non-millennials	Millennials	Non-millennials	Millennials	Non-millennials
1	21	17	6	8	3	2	1	0	2	1

2	6	4	19	11	6	10	2	1	0	2
3	4	4	7	8	18	11	2	3	2	2
4	1	1	0	1	5	5	13	12	14	9
5	1	3	1	0	1	0	15	11	15	14

Table 1: Preference among 5 selected OTTs of millennials and non-millennials

3. **Time spent- OTT v/s T.V:**

82.85% of millennials spend more time on OTT than TV. Here again, we observe that in the case of non-millennials the percentage of people drops to 60% suggesting that almost half of the non-millennial population still spend more time on TVs. This observation highlights their inclination towards the TV. One of the reasons concluded from the study was that operating a TV is easier for the non-millennial population and they are also used to operating a normal television as compared to a smart TV or any other electronic device to access OTT platforms. Also, when it comes to millennials, most of them are either students or working-class and thus have a limited amount of time to spend on entertainment. In such a case, TV is less preferred than OTT due to the number of advertisements shown in each channel after every few intervals. On the other hand, for non-millennials, most of them are either close to retirement age or are already retired. In this case, they have comparatively more time and patience to invest in entertainment as compared to millennials. Thus, they do not see the number of advertisements and switching channels as an issue as it helps them pass time. In all, the concept of OTT platforms is relatively new for the non-millennial age group and will require some more time for them to become familiar with it. However, even for this age group, many people do spend more time on OTT which is again due to the variety of content available, and the fact that new shows are always coming up which keeps them occupied.

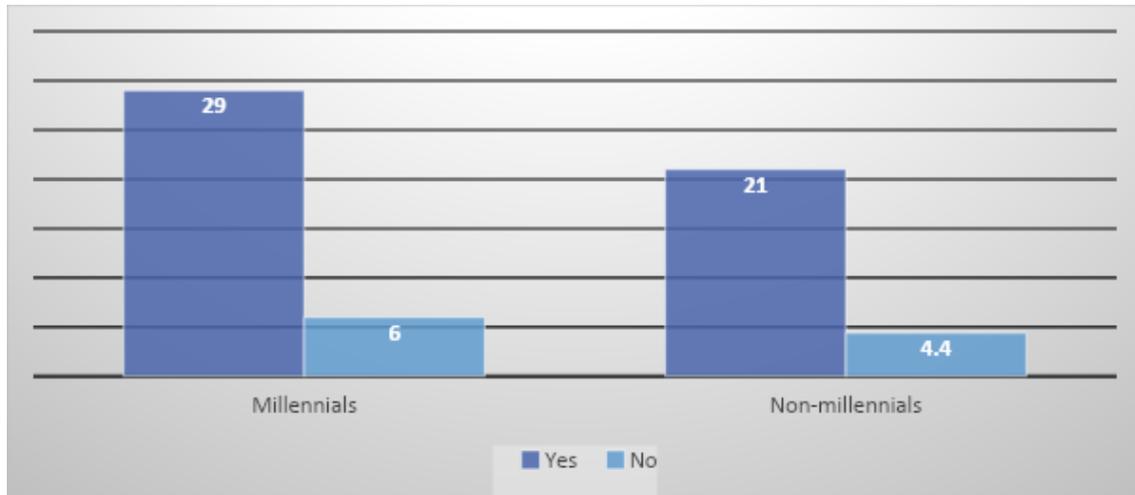


Figure 3: Time spent on OTT and TV

Below we can see on average how many hours per day is spent by both the categories on OTT platforms. Figure 3.1 shows 48.5% millennials, and 45.7% non-millennials spend 1-2 hours on an average per day on OTT platforms. Approximately 15% of the millennial population spend more than 4 hours on OTT platforms which shows the prevalence of ‘binge watching’ culture among millennials which is absent in the case of non-millennials. For the non-millennial population, they have many other responsibilities to fulfil as compared to the millennial who have more of free time to watch multiple episodes of a series at one go.

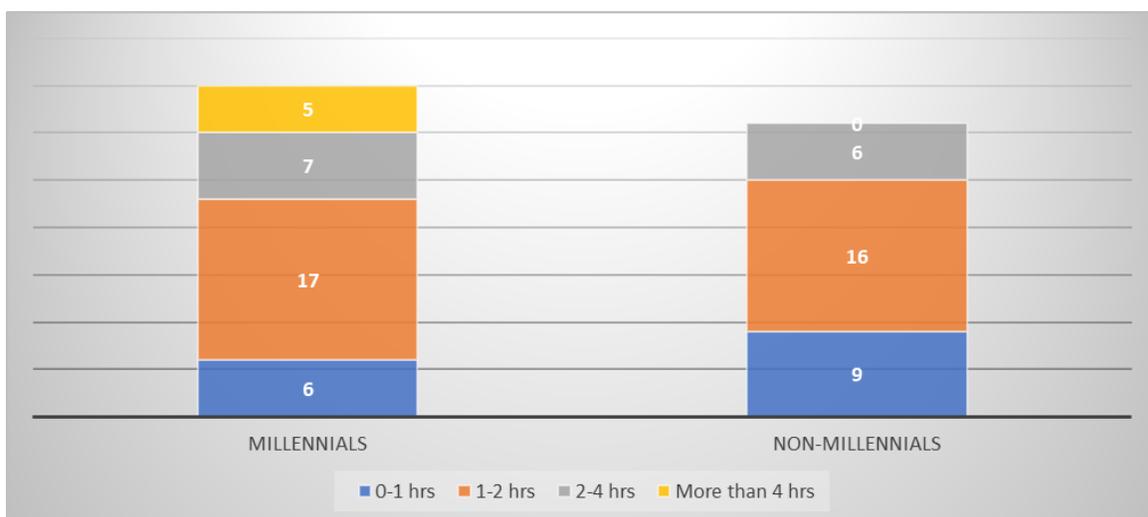


Figure 3.1: Time spent on OTT per day average

4. Factors governing choice of OTT:

For the majority of both millennials and non-millennials, variety of content is the most important factor. Only 22.8% of millennials and 10% of non-millennials felt that the subscription rate was the most important factor. This implies that variety of content is the most sought-after factor while choosing an OTT platform. From the graph below, it is inferred that people prefer quality and variety of content over price.

One of the main reasons for this can be different choices of different people when it comes to the kind of shows that they prefer watching. A platform with a variety of content provides more options for the viewer to choose from. Another advantage of a variety of content occurs for the viewer when they purchase a family plan on the OTT platform. Different family members might want to watch series/shows/movies of different themes, and a variety of content in one platform itself will make the user stick to one platform instead of finding shows with different themes on different platforms. This also enables the user to pay less subscription rate as he/she is paying for only one platform instead of multiple platforms, which creates savings for the user, and is thus a plus point. This preference of customers can have a great impact on the OTT Market as the platforms with a higher variety of content are the ones that are more likely to succeed due to a higher customer base as compared to the ones that don't have enough variety of content.

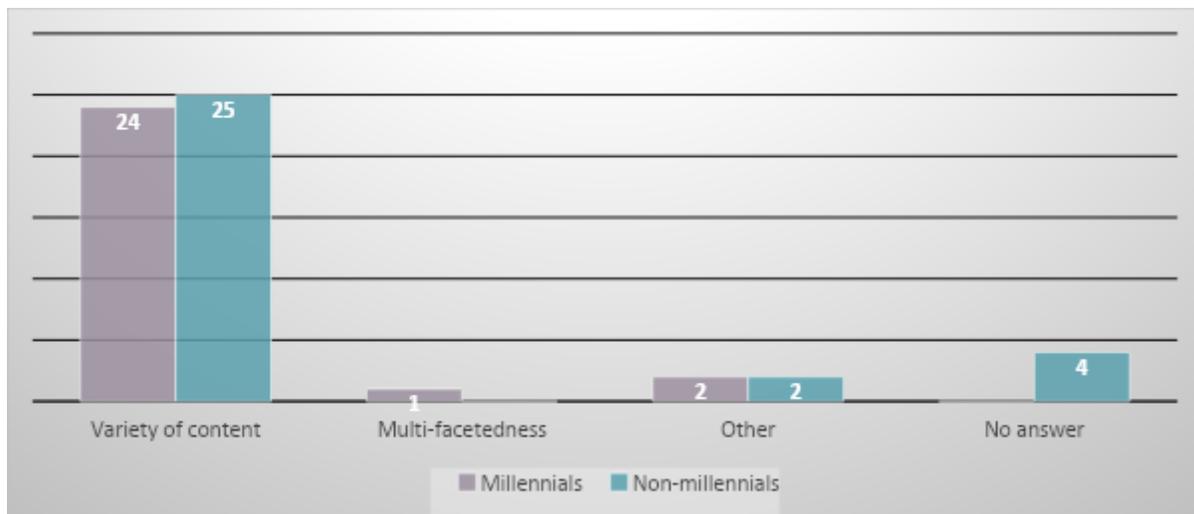


Figure 4: A most important factor

5. Importance of Subscription Rate:

The subscription rate is an important factor for selecting an OTT platform for 88.5% of millennials and 74.2% of non-millennials (including both somewhat important and very important options). This makes subscription rate an important deciding factor. However, approximately 50% of the sample felt that the subscription rate was ‘somewhat important’ suggesting that the subscription rate has its importance only after the variety of content.

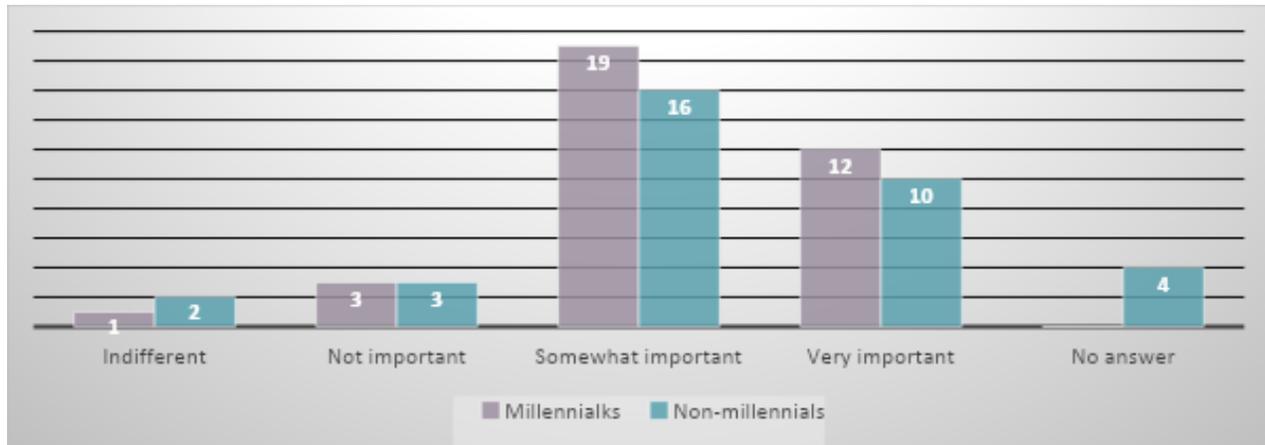


Figure 5: Importance of Subscription rate

6. Watching Preferences:

If we see the choice of content being watched by millennials and non-millennials, we see some commonality. Both the categories enjoy watching movies and TV series. However, we can observe among the data of non-millennials, there are some preferences for regional as well as reality shows which is completely absent in the case of millennials.

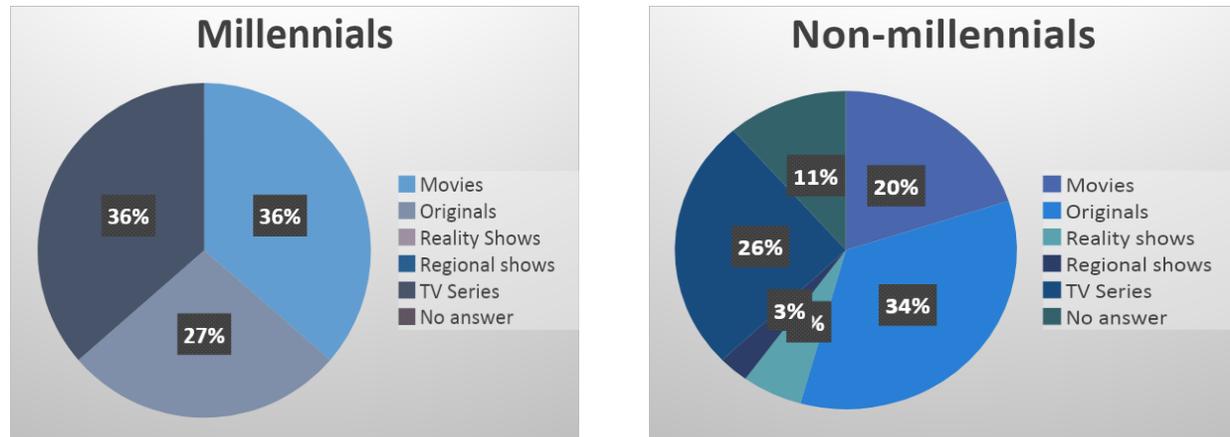


Figure 6: Comparison of watching preferences of millennials and non-millennials

7. Per Month Expenditure:

From the table below, we observe that an amount of Rs.250-Rs.500 and Rs.0-Rs.500 is spent by millennials on OTT subscription and TV subscription respectively. Similarly, for non-millennials, a price range of Rs.0-Rs.250 and Rs.500-Rs.1000 is spent on OTT subscriptions and TV subscriptions, respectively. Hence, we can conclude non-millennials are leaning more towards TV than OTT.

	OTT Subscription	TV Subscription
Millennials	250-500	0-500
Non-millennials	0-250	500-1000

Table 2: Price range spent by the majority of the sample

8. Post Covid- OTT v/s T.V:

88.57% millennials and 74.2% non-millennials will continue to prefer OTT over TV even after COVID. This implies that OTT platforms have created a lasting impact on both millennials and non-millennials making them their permanent subscribers.

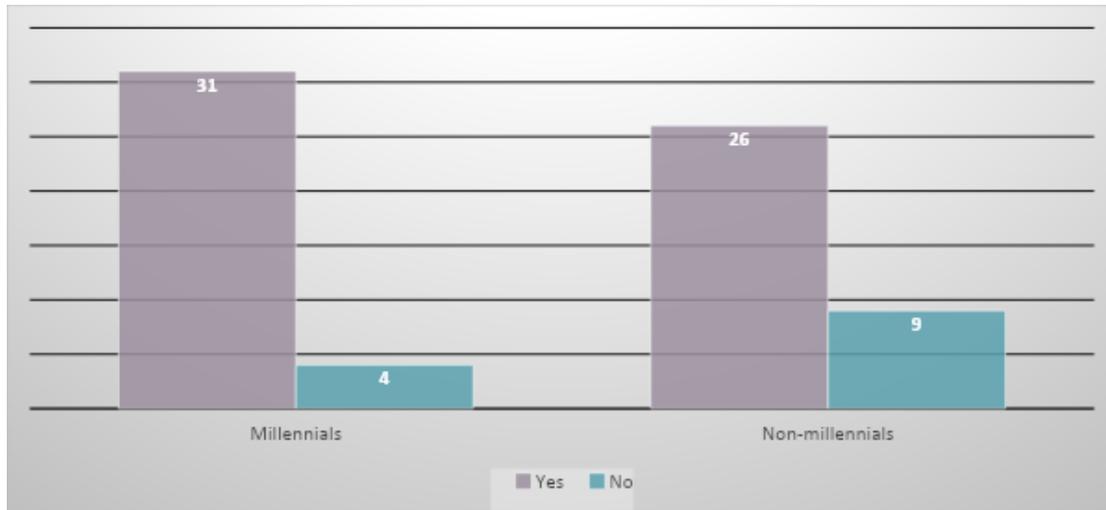


Figure 7: OTT preferred over TV post-Covid

4.0 Conclusion

This study concludes that OTT platforms certainly have a higher preference over TV during COVID times by both millennials and non-millennials and will continue to have such preference even after the covid-19 situation ends. The most important factor which creates this situation is the variety of content and the fact that content is available anywhere, at any given time. Even though in certain research papers that have been published earlier, the most important factor for the selection of an OTT platform was given as the subscription rate, this study shows otherwise. The 'variety of content' is considered the most important factor for selecting an OTT platform by the people considered for this survey. Netflix is the most famous OTT platform used by both the millennials and non-millennials of Pune. This study also shows that there exists a difference in the watching preferences of millennials and those of non-millennials. While millennials prefer watching Movies, non-millennials prefer watching Original content on OTT platforms. TV Series remains a common interest of both categories. Another observation that has been made is that millennials are prone to paying higher monthly subscription rates of OTT platforms as compared to non-millennials. On the other hand, the non-millennials usually pay higher rates on the monthly TV subscription than the millennials. However, a common observation between both the categories is that both of them spend an average of 1-2 hours on OTT platforms per day.

Due to the rapidly increasing popularity of OTT platforms, there are huge prospects for the same. The number of subscribers is also increasing rapidly. But this situation can also lead to a high level of competition between the platforms to get a higher number of subscribers. In such a situation, for an OTT platform to get more preference from the audience, it should have a lot of variety in the content it offers. This is because the variety of content is the most important factor for the majority of the people which will help OTT platforms increase the number of subscribers.

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