



The path to subscriber
growth and loyalty.

With fierce competition in the direct-to-consumer video space, streaming providers must find ways to anticipate and meet ever-changing consumer expectations if they are to convert and retain subscribers. According to Deloitte, almost half of consumers voice frustration over their viewing experience, so there remains a significant opportunity for streaming video providers to gain a larger share of viewers by enhancing the experience from start to finish.

Our work and research in the space shows that, among best-in-class competitors, data and technology are essential to maximizing viewers' experiences and journeys. Key findings are summarized below:

- 1. Direct-to-consumer experiences must be viewer-centric from end to end.** According to Forrester, 75 percent of media and entertainment companies that focus on experience have been able to grow their revenue and improve differentiation in the market. Yet our research indicates that customer centricity is the biggest gap for providers, especially around understanding viewers better, designing experiences that meet their needs, and using human-centered design, segmentation, and personalization strategies to enhance their journey.

- 2. Data and technology are central to achieving optimal experiences at scale.** Having the tools to effectively drive the user experience is essential, but our research shows that most providers still struggle to use the vast amounts of data already available to them to full capability. According to our research, only 20 percent of respondents to our survey of subscription services professionals believe that all functions in their organization can access and understand performance data without support from the analytics team. And only 37 percent say they can translate customer personas into digitally trackable and actionable customer segments.

- 3. Delivery of viewer-centric experiences requires an agile, data-driven organization.** Effective execution requires having an organization that is data driven, well coordinated, and agile. Currently, this is something we see many subscription service providers struggle with. In our survey, only 46 percent of respondents believe they are nimble in their approach to change and eliminate friction where possible.

Using best-practice examples from top streaming providers, we'll provide some insight into how you can improve in the areas listed above to boost subscriber conversion, engagement, and retention.

Whether it's launching the next *Game of Thrones* or offering access to decades of films and TV content, the competition for subscribers in direct-to-consumer video is fierce. With Deloitte reporting over 300 OTT providers in the U.S. alone and U.S. consumers subscribing to only three streaming services on average, there's limited viewer budget to go around.

Streaming subscribers have also proven to be fickle. The average churn rate for OTT providers is 18 percent per year according to Park Associates, compared to 7 percent for cable and wireless providers, according to the *Financial Times*.

High subscriber churn presents an opportunity for you to capture competitors' losses, but it broadly indicates that, beyond offering great content, you must address viewers' concerns about their experience. In a recent survey by Deloitte, almost half of consumers voiced frustration over not easily finding the content they want to watch. In fact, viewers on streaming services waste 18 minutes a day in deciding what to watch, which is twice as much time as cable TV viewers, according to The Wrap, which reported on a study by Reelgood and Learndipity.

In our view, overcoming these hurdles requires a "left brain/right brain" approach that aligns the appropriate data, technology, organizational processes, and capabilities with the more emotional connection viewers have to both their favorite content and the brands that provide it.

Market leaders are already doing this—and their efforts are paying off. According to Forrester, 75 percent of media and entertainment companies that focus on experience have been able to grow their revenue and improve differentiation in the market. To achieve similar results, we believe there are three key areas where you should focus your efforts.

\$776 million

**The impact of a modest improvement
in customer experience on revenue
over three years for a typical
streaming media company with
\$1 billion in annual revenue.**

Source: Temkin Group

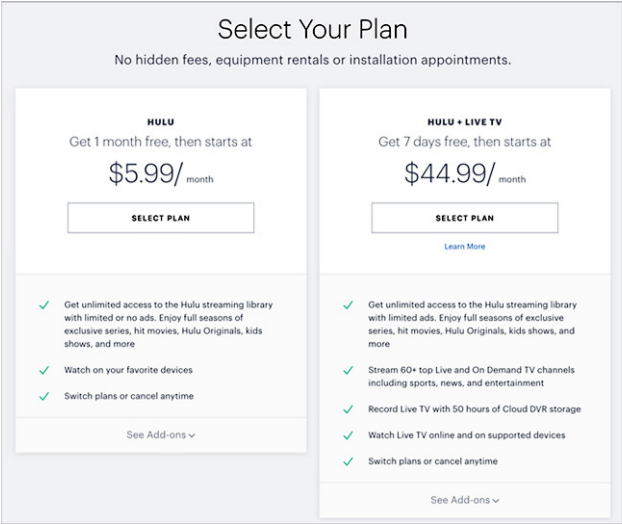
1. Deliver a viewer-centric streaming *experience*.

Even with the right content, succeeding at growing, engaging, and retaining your subscriber base requires delivering a truly viewer-centric experience. However, our own research indicates that customer centricity is one of the two the biggest gaps for most subscription services providers, especially around understanding viewer needs better, designing experiences that meet them, and using data, segmentation, and personalization strategies to enhance viewer journeys.

Market leaders, on the other hand, are heavily focused on providing viewer-centric experiences. They are keenly attuned to users' desires, offering not only more content, but also the ability for viewers to better surface, evaluate, and view the content they want to watch.

One area most providers are focusing on is prospect engagement and acquisition. Rich content merchandising, clear pricing, and a streamlined "try and buy" experience are areas where leaders are setting themselves apart.

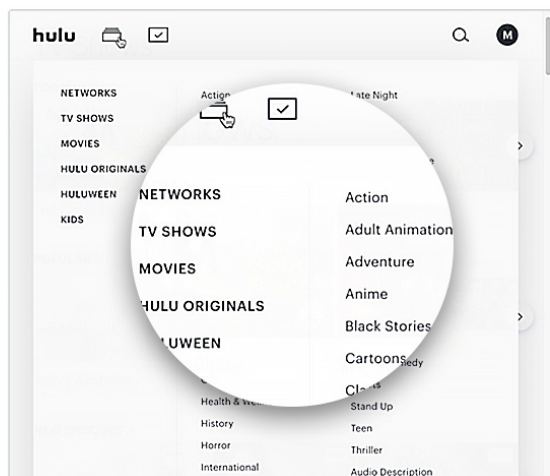
Hulu, for example, provides significant transparency in its product pricing and makes it easy for prospects to select a plan right from the home page. This effortless experience helps drive new subscriptions as viewers feel confident about what they are purchasing, and that it will only take seconds to enroll.



As another example of customer centricity, Netflix has set the bar in delivering a best-in-class experience that is consistent across devices. By implementing a unique viewer ID, the company tracks viewers' activity across all platforms and powers a constant and highly thoughtful experience regardless of where viewers stream. This capability is also prominent on support and prospect sites, driving consideration and affinity among current and future subscribers.



To retain subscribers, especially where content offerings are vast, we've also seen value in deploying clear categorization and navigation, as well as enhanced access to the content viewers want. For instance, Hulu's drop-down menu features and comprehensive filtering options make it easy for viewers to navigate to the most interesting content.



At the same time, features like content following and continued viewing create a frictionless path to the content their audience wants to view.

Similarly, NFL Game Pass anticipates football fans' needs by using cutting-edge video player functionalities to make the experience more engaging to their audience. Advanced features like scene highlights, slow mode, four-screen viewing, and comprehensive game stats improve the fan experience and heighten overall engagement with the service.



2. Use data and technology to better *engage* with viewers.

While 81 percent of our survey respondents believe they are data-driven and that they use fact-based evidence rather than gut feeling to make decisions, providers still struggle to use their data to its full capabilities. Take these stats, for instance:

- Only 20 percent believe that all functions in their organization **can access and understand performance data** without support from the analytics team.
- Only 40 percent think they **develop strategic personas** based on customer research.
- Only 37 percent can translate customer personas into **digitally trackable and actionable** customer segments.

Having the tools to effectively drive and optimize your user experience is essential, but our research shows that most streaming video providers still struggle to use vast amounts of audience data already available to them to its full capabilities.

Serving audiences based on past behavior across touchpoints and journey stages can help make the overall experience more relevant to your viewer—driving higher engagement and retention with your service. To illustrate, we've observed that CBS All Access captures video drop-off points of their viewers and uses this data to provide quick access to unfinished content. For example, if a subscriber pauses an episode of Madam Secretary, CBS All Access ensures it's visible the next time the subscriber returns.

ESPN is also using personalized content recommendations to increase viewer engagement. For instance, if someone is watching a Yankees and Mets game on their mobile device, ESPN can identify the customer, evaluate past content they've engaged with, and then deploy news feeds and scorecards based on the fan's known team preference.



3. Create a data-driven, *agile organizational* structure.

Having the right data and tech platform to ingest, stitch together, and act on your data isn't enough. Effective execution also requires having an organization that is data driven, well coordinated, and agile. Currently, this is something we see many media companies and subscription service providers struggle with. In fact, only 46 percent believe they are nimble in their approach to change and eliminate friction where possible.

From our own journey at Adobe, where we moved from boxed software to a subscription-based business model in our creative business, we believe that adopting a data-driven operating model (DDOM) can help companies organize teams and act on insights to drive business value. DDOM is a framework for using a single source of data across various business departments and consistently tracking and sharing outcomes of different marketing activities against a common set of goals. With all aggregated data from across the company in one location and accessible in real-time

to all, this model creates a company culture that is transparent, open to learning, and free of arguments over whose data is right. It also empowers departments and stakeholders to generate data-driven strategies that align with unified KPI targets and clarify accountability across groups.



Only 46% of subscription service professionals believe they are nimble in their approach to change and eliminate friction for the customer.

In addition to being organizationally data driven, it's also important for you to be agile and continually test and optimize customer experiences. Wireless carrier T-Mobile offers a good example of how to combine a data-driven approach with agility to deliver a better, more connected experience for customers.

In a recent Adobe Summit session, T-Mobile described using agile co-working sessions to design and deploy various iterations of customer communications for rapid testing. T-Mobile then combines testing insights with its customer data to expand its understanding of customers' preferences. This allows the carrier to curate "next best action" experiences that are right for the customer at each specific stage in their journey.

Winning subscribers starts with a *winning* digital experience.

Navigating a direct relationship with viewers may be new territory for service providers. But given the fierce competition in the space, winning in the subscriber wars is now more than ever tied to delivering experiences to your viewers that make it easier to discover, find, and watch the content they want. There's no silver bullet to making this happen, but having the right data, technology, organizational processes, and capabilities to power viewer-centric experiences from start to finish is a critical foundational element.



How Adobe can help.

We can help you create and optimize customer-centric experiences across viewers' complete journey to acquire profitable subscribers, engage them with your content, and reduce the likelihood of them leaving over time. Named a Leader in 2019 Gartner Magic Quadrant for Digital Experience Platforms, Adobe Experience Platform is the only comprehensive suite that brings together experience creation, marketing, advertising, analytics, and commerce to enable your brand to deliver data-driven, tailored experiences across all touchpoints. We also offer consulting services that can help ensure you have the organizational structure and processes to implement a data-driven approach to delivering exceptional customer experiences.

Learn more about how to execute viewer-centric experiences to expand your subscriber base.

[Learn more](#)

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