Photo courtesy of Shutterstock

Is OTT fragmenting society?

2019 is truly the year of over the top (OTT) viewing. According to recent reports, OTT subscribers will for the first time outstrip traditional pay-TV subscribers, marking a major milestone for the subscription services. Major production studios and tech companies are increasingly entering the fray, creating and more congested ecosystem than ever before. Sam Baird explores OTT.

Over the top (OTT) viewing is the epitome of the millennial generation; growing up, many of my generation had access to just four TV channels (the horror!), with content only boosted in a relatively small number of households by expensive pay-TV packages from providers like Sky. If you didn't like what was on any of the four free-to-air channels and weren't lucky enough to have a satellite TV package, you had to find your entertainment elsewhere.

The OTT market really began to take-off in the new millennium, following Netflix's foundation in 1997. The subscription-based streaming service was perfectly timed to coincide with Internet access becoming commonplace in households across Western countries; the vast library of content, featuring thousands of hours of frequently updated programming, was a near-instant hit with the masses. Indeed, as of January 2019, Netflix has 139 million subscribers across the globe.

Fragmented lives, fragmented industries

Everyday life has changed immensely with the advent of OTT. The freedom to watch what we want, when we want, on whatever device we want, is seen as a great thing for many, particularly the younger generations who have (allegedly) become all too used to instant gratification, and those with night waking shifts (shift workers, insomniacs, new parents, etc.). Such groups are no longer doomed to night-time TV schedules of strange documentaries and reality TV show re-runs.

However, not everyone thinks that life has changed for the better. Some feel that OTT services have changed the way we view in such a way that society is suffering, and marketing departments are floundering.

With the advent of OTT, the way we consume content has changed, and so too has the way we talk about it. The days of office scuttlebutt the morning after the latest episode of a particularly big hit programme such as Game of Thrones or Westworld may not yet be at an end, but this type of chit chat about the previous night's viewing is definitely falling. With viewing options now split across maybe 10 primary OTT platforms, cable and satellite TV, as well as the hundreds of freeview channels in the UK, incidences of people watching the same content at the same time have fallen dramatically. Where one person may be watching the Handmaid's Tale (Hulu), another might be watching Vikings (Amazon Prime), and another Westworld (NOW TV). This doesn't leave much opportunity for common ground among co-workers or friends. While this may seem a very minor consequence of the massive increase in content choice, this kind of fragmentation is actually expected to have an impact on society; the fewer shared experiences, the more incidences of self-reported loneliness and depression. Consumers, particularly in a workplace where they have not been matched with natural friends, struggle to bond with people they have nothing to say to beyond "Can you refill the printer paper?"

The shift of viewing habits towards OTT has been tough on advertisers too. Audience fragmentation i.e. the division of audiences into small groups due to the massive array of media outlets, has posed something of a challenge to marketing groups, as the opportunities for advertising has never been as diverse as it is today. Where to spend the money? Free-to-air TV might reach the greatest number of people, however, it's mass marketing rather than targeted, and a great number of people won't be interested in any particular product or service. On the other hand, one of the reason OTT services are so popular is getting rid of those pesky ad breaks – in a world where so many people have so little free time, we don't want to spend it watching advertisements.

That's not to say there's no room for the advertising industry in this new OTT world. Product placement is still a very effective tool, whether paid for or accidental: In episode five of the final season of Game of Thrones, a Starbucks cup was accidentally left in the shot of one scene, providing the coffee company with an estimated US$2.3 billion in free advertising.

Some marketing groups are taking full advantage of the rise of OTT and other related technologies, utilising addressable advertising, namely the ability to target individual households and even precise individuals who match a certain set of attributes. Smart TVs, set top boxes and OTT services all enable the collection of data on what a specific person watches, when, for how long, etc. When this information is fed into a machine learning algorithm, you can even predict what's next on their watch list. With this data, advertising companies can target their advertising spend to only those demographics they want to reach, making their budget go further, more effectively.

Content overload

Overchoice, or option overload, is a very real challenge for many people today, and one that really comes into play when discussing OTT. The phenomenon arises when people have too many choices available, whether it relates to career options, romantic relationships, dining choices, or, indeed, what content to watch. What used to be a relatively straight-forward decision with very finite options has now become overly complex, prompting stress responses and confusion.

Maybe you can relate; when booking a hotel for a business trip, for example, there are now more than 10 price comparison websites (each claiming to be the best, naturally), comparing hundreds or even thousands of hotels in the vicinity of your destination. Sure, you can sort by location, which hotels are closest to your conference centre, but when price is also a factor, or certain hotel amenities such as a business centre, sorting through so many options can become frustrating. This overchoice leads to decision-making becoming overwhelming. Indeed, research has shown that the satisfaction of choices by number of options available follows an inverted 'U' model, wherein too much choice is just as unsatisfying as too little.

In the OTT world, we're faced with hundreds (if you count the smaller regional services) of OTT service providers. If, on the other hand, you're only looking at the big names, you still have to pick between Amazon Prime, Netflix, Hulu, NOW TV, etc. And more big names are coming on board as we speak… Each of these providers holds exclusive content, so subscribers have to pick between Game of Thrones and Westworld on NOW TV, The Handmaid's Tale on Hulu or Amazon Prime, American Gods on Amazon Prime, Orange Is the New Black or the latest Marvel series (Luke Cage, Jessica Jones, Daredevil and Iron Fist) on Netflix. Moreover, once you've watched that content you were most desperate to see, whichever OTT provider you've selected has literally thousands of hours of other content, certainly more than anyone could ever watch, to select from.

Inarguably one of the most 'first world problems' yet, option overload is a very real challenge for some people. The cumulative effect of too many options in every part of everyday life, from the type of coffee you order at Starbucks to the type of phone you pick for your next upgrade, is having a real negative impact on the mental health of the population.

More more more

OTT is definitely the place to be right now. New big names are getting in on the action, while established players, Netflix, Hulu and Amazon Prime, are finding new ways to firm up their grasp on subscribers.

Apple launched its new streaming service in May of this year. Apple Channels offers customers subscription access to premium networks like HBO, Showtime, Epix, Smithsonian Channel, Starz and Tastemade, with new channels being added all the time. Unlike other near flat-fee OTT services, an Apple Channels subscription will set you back a varying amount, depending on which channels you want access to; at launch, access to every channel came in at US$97 per month. Apple makes its revenue by taking a cut of the subscription costs for each individual channel, since it doesn't yet have any content of its own. However, this is set to change towards the end of 2019, when Apple Channels+ will debut its first original content.

Meanwhile, Disney is set to launch Disney+, which will feature children's' programmes and films, including a second live-action Star Wars series currently under development, by the end of 2019. Notably, one month after the announcement of Disney+, Netflix purchased StoryBots to create more educational children's programming.

WarnerMedia, too, is planning to get in on the action with a beta test of its new streaming service later this year, with a full launch expected in 2020. According to the latest reports, WarnerMedia plans to bolster subscriptions by releasing debut new episodes of popular shows via its streaming service ahead of cable broadcasts. An interesting decision for its cable subscribers.

OTT providers have also found themselves some unique opportunities to market themselves to new subscribers. Towards the end of 2018, Fox made the choice to cancel Brooklyn Nine-Nine, a much-loved police comedy show, after five seasons. Fans kicked up such a stink that NBC announced just one day later that it had picked up the series and would produce season 6; Netflix and Hulu were also allegedly interested in taking over the show. Meanwhile, cult classic TV series Lucifer was cancelled last year, also by Fox, after three seasons on the air. Again, high profile fans launched an epic social media campaign to #SaveLucifer (which become the number one trending tweet for a period), and the show was duly picked up by Netflix. For OTT service providers, who often have lower operational costs than traditional production companies and can therefore invest more in original content, picking up cult classic shows such as these can bring in a whole new set of subscribers, and be enough to move existing subscribers from that platform to another.

Photo courtesy of Shutterstock