September, 2019

THE LANGSTON CO

EXECUTIVE REPORT

Consumer Behavior & Expectations In Today's Changing Media Landscape

Table Of Contents

Executive Summary

- Consumers rate Netflix higher than Hulu and Amazon Prime along nearly every dimension except costs (tied)

- Respondents massively reduce their perceived value ratings for Netflix, Hulu, and Amazon Prime upon discovering that (1) Disney, NBCU, and Warner Media will launch their own streaming platforms and (2) these companies will take their licensed content off of Netflix

- Consumers are upset about the imminent changes in the media landscape. These negative feelings are driven by fears of fragmentation, erosion of perceived value, and friction/costs of having multiple streaming accounts

- We project Netflix to lose 12%-17% of its US subscriber base and Hulu to lose 15%-19%. This translates into a loss of 9 million subscribers for Netflix and 4.8 million subscribers for Hulu, or $1+ billion and $350+ million, respectively

- Prime Video is perceived as an “add-on” to users’ Amazon Prime subscriptions; as a result, its users are less likely to cancel, even if they don’t realize the value in content

LANGSTON

Background & Objectives

Background (What We Know)

- Netflix has experienced rocket-ship growth over the past decade (12.3 million to ~60 million subscribers from 2009-2019).
- Despite massive investments in original content, a major reason why consumers subscribe to Netflix is to watch old favorites, like The Office, Friends, and Grey's Anatomy.
- These "old favorites" are owned by media giants like Disney, Warner Media, CBS, and NBCUniversal.
- Media giants are expected to launch their own streaming platforms in the next year and are expected to remove their content from Netflix.

Objectives (What We'd Like To Learn)

- Achieve visibility into how consumer behaviors and expectations might change in light of Disney+, NBCU, and Warner Media launching their own platforms
- Dissect drivers of value using data on Top 3 streaming platforms - Netflix, Hulu, and Amazon Prime Video - to measure:
  - what matters to customer segments, and
  - how well each company performs along each value driver
- Provide insight into key market segments
- Generate actionable insights for new entrants as the industry prepares for the launch of additional platforms

LANGSTON

Methods: Overview

The Sample

- US residents
- Millennials (24-39) & Gen Xers (40-54)
- $35k+ Household Income

Data Collection

Quantitative data from 1,250+ individuals

- Behavioral, attitudinal, and demographic variables
- Quasi-experimental simulation

Qualitative deep-dive with 30 individuals

- In-home usage tests
- In-depth qualitative interviews
- Behavioral observation

Analysis

Apply PRISM, Langston's robust proprietary framework for holistically understanding consumers & markets

Predictive Analytics

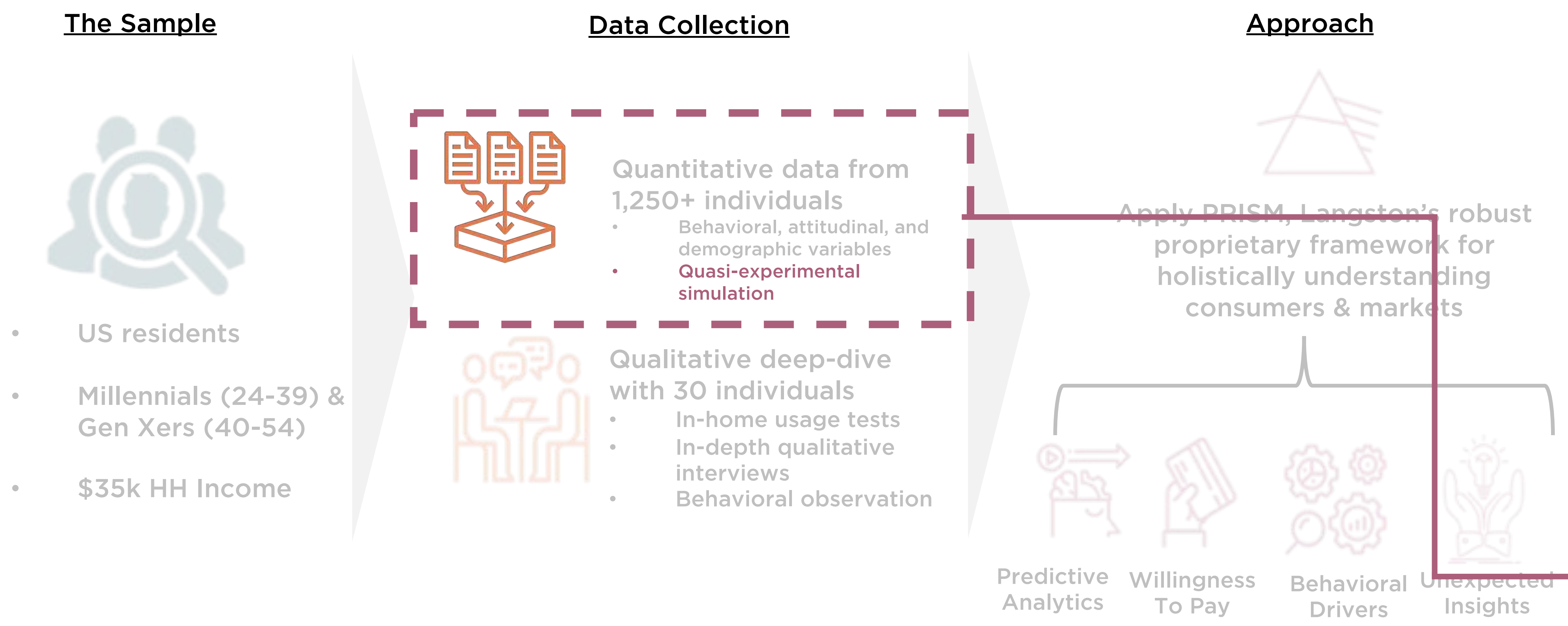
Willingness To Pay

Behavioral Drivers

Unexpected Insights

LANGSTON

Methods: Experimental Simulation Explained



1. Aware Non-Subscribers and Subscribers were asked to rate Netflix, Amazon Prime Video, and Hulu along 12 dimensions. They then gave overall value ratings and their likelihood to subscribe in the future.

2. Respondents were then given a description of the changing media landscape. They were told that Disney, NBCU, and Warner Media are expected to start their own streaming platforms and would transfer old favorites like *The Office*, *Friends*, and *Parks & Rec* to these new platforms.

3. With this new information, respondents were then asked how they anticipated all six platforms (Netflix, Hulu, and Amazon Prime Video as well as Disney+, NBCU, and Warner Media's HBO Max) would fare on dimensions of content quality and overall value.

The "before/after" ratings allow us to assess the impact of changes in the media landscape on future purchase behavior.

Recommendations For The New Players (NBCU, Disney, and Warner Media)

BRANDING

Immediately give streaming platform a name to build product awareness

Immediately begin building associations between brand portfolio and umbrella NBCU brand

PRODUCT

Optimize for kids mode and kids content

Invest heavily in cross-device, cross-platform usability testing to create seamless user experience

ACQUISITION

Flex ownership of tentpole content like The Office and Parks & Rec

Be clear & transparent about pricing

LANGSTON

Table Of Contents

Streaming platforms, like any business, can be dissected into their component “value drivers” for consumers

- Worth What I Pay
  Overall Value
  - Quality
    What I Get
    - Content Itself
      - Variety & Amount of Content
      - Netflix/Hulu/Amazon Original Content Quality
      - Other Content Quality
    - User Experience
      - Recommends New Content To Me
      - Ease of Finding Content
      - Features (like Kids Mode)
  - Costs
    What I Give
    - Monthly (or Annual) Costs
    - Costs of Add-Ons (E.g., Multiple Accounts, Streaming in HD)

Based on statistical model fits and qualitative research

Each value driver can be measured using quantitative data combined with advanced statistical analysis

Overall Market for Streaming Entertainment

	Market-wide Data		*Platform Performance vs. Market*		
	Impact Weights	*Market Average*	***Netflix***	***Hulu***	***Amazon Prime Video***
Elements of Worth					
Overall Quality	34%	7.82	1.05	0.96	0.99
Overall Cost	66%	7.28	1.00	0.99	1.01
Worth What Paid For		7.46	1.03	0.97	1.00
Model fit =	*0.83*				
Elements of Quality					
Content	45%	7.73	1.05	0.97	0.98
User Experience	55%	7.79	1.06	0.96	0.97
Quality Overall		7.82	1.05	0.96	0.99
Model fit =	*0.86*				
Elements of Cost					
Monthly Cost	55%	7.21	0.99	1.00	1.01
Costs of Add-on Features	45%	7.21	1.00	0.98	1.03
Cost Overall		7.28	1.00	0.99	1.01
Model fit =	*0.83*				
Sub-Attributes of Quality					
Elements of Content					
Variety of Content	44%	7.53	1.04	0.98	0.98
Original Content Quality	26%	7.50	1.10	0.93	0.96
Other Content Quality	30%	7.19	1.02	0.99	0.98
Content Overall		7.73	1.05	0.97	0.98
Model fit =	*0.80*				
Elements of User Experience					
Ease of Use	33%	8.09	1.06	0.96	0.96
Recommendations	43%	7.30	1.05	0.96	0.98
Features	24%	7.21	1.08	0.94	0.96
User Experience Overall		7.79	1.06	0.96	0.97
Model fit =	*0.79*				

- Market Average scores indicate the level of consumer satisfaction with each element.

  They are represented on a scale from 1-10 where 1= Totally Dissatisfied and 10=Totally Satisfied.

- Platform Performance scores indicate the level of consumer satisfaction with each platform relative to the market as a whole.

  They are represented as a ratio where scores below 1.0 are below market average and scores above 1.0 are above market average.

- Impact Weights indicate the relative importance of each driver as it relates to consumer satisfaction with a streaming platform overall.

  These are determined using regression analysis techniques.

LANGSTON

Netflix outperforms Hulu and Amazon Prime in content, usability, and overall value

Overall Market for Streaming Entertainment

	Market-wide Data		Platform Performance vs. Market		
	Impact Weights	*Market Average*	***Netflix***	***Hulu***	***Amazon Prime Video***
Elements of Worth					
Overall Quality	34%	7.82	1.05	0.96	0.99
Overall Cost	66%	7.28	1.00	0.99	1.01
Worth What Paid For		7.46	1.03	0.97	1.00
Model fit =	*0.83*				
Elements of Quality					
Content	45%	7.73	1.05	0.97	0.98
User Experience	55%	7.79	1.06	0.96	0.97
Quality Overall		7.82	1.05	0.96	0.99
Model fit =	*0.86*				
Elements of Cost					
Monthly Cost	55%	7.21	0.99	1.00	1.01
Costs of Add-on Features	45%	7.21	1.00	0.98	1.03
Cost Overall		7.28	1.00	0.99	1.01
Model fit =	*0.83*				
Sub-Attributes of Quality					
Elements of Content					
Variety of Content	44%	7.53	1.04	0.98	0.98
Original Content Quality	26%	7.50	1.10	0.93	0.96
Other Content Quality	30%	7.19	1.02	0.99	0.98
Content Overall		7.73	1.05	0.97	0.98
Model fit =	*0.80*				
Elements of User Experience					
Ease of Use	33%	8.09	1.06	0.96	0.96
Recommendations	43%	7.30	1.05	0.96	0.98
Features	24%	7.21	1.08	0.94	0.96
User Experience Overall		7.79	1.06	0.96	0.97
Model fit =	*0.79*				

- Netflix is at parity with Hulu and Amazon Prime Video on costs
- Based on performance data, Netflix should be poised to remain market leader and gobble up market share

However…

Netflix faces headwinds for two reasons:

- Content library is being stripped of classics like *The Office* and *Friends*
- New players in the market

LANGSTON

A striking 72% of content streamed on Netflix is *not* Netflix Original

And Netflix owns the rights to only 2 of the top 10 most watched shows on their platform.

1


The Office
Owned by NBCU

2


Friends
Owned by Warner

3


Grey's Anatomy
Owned by Disney

4


NCIS
Owned by CBS

5


Criminal Minds
Owned by CBS

6


Orange Is The New Black
Owned by Netflix

7


Shameless
Owned by CBS

8


Supernatural
Owned by Warner

9


Parks and Rec
Owned by NBCU

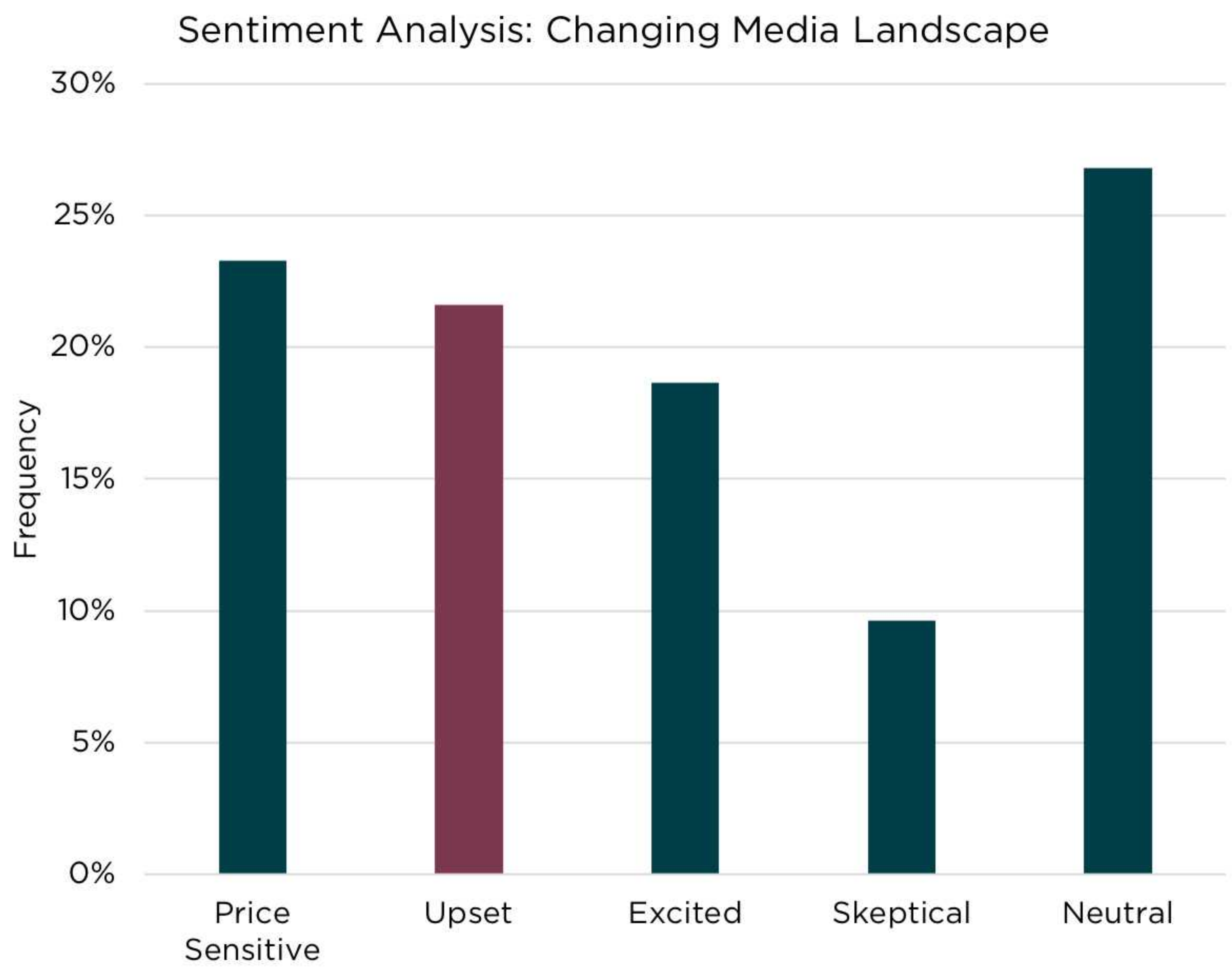
10


Ozark
Owned by Netflix

Source: Nielsen

LANGSTON

Consumers are upset that the media landscape is going to change



Why?

Losing What They Love
Consumers are anchored to Netflix having it all. They don't want to lose their favorite shows.

Cost To The Consumer
Fragmentation means consumers will have to subscribe to multiple services, which is expensive as well as inconvenient, time-consuming, and annoying.

LANGSTON

Consumers are upset that the media landscape is going to change

*"Honestly, I think it is bullsh*t. Excuse my french. They are basically forcing us (the consumers) to pay for each platform if we want to watch those shows/movies, when we just want a place where we can get it all. It is irritating that they are doing this as there will be no "one stop shop" for video streaming.*

-Lauren, 26, Illinois

"It's a little bit frustrating that all of the great streaming services are now going to become de-consolidated

-Scott, 40, California

"I can understand that they are "changing with the times" but in the long run it is just going to hurt the consumers. We will now have to subscribe to 12 different services to get all of the content that we want. I'm not paying $300 a month to do this. I will just cancel everything and stick with netflix.

-Rodrigo, 42, Pennsylvania

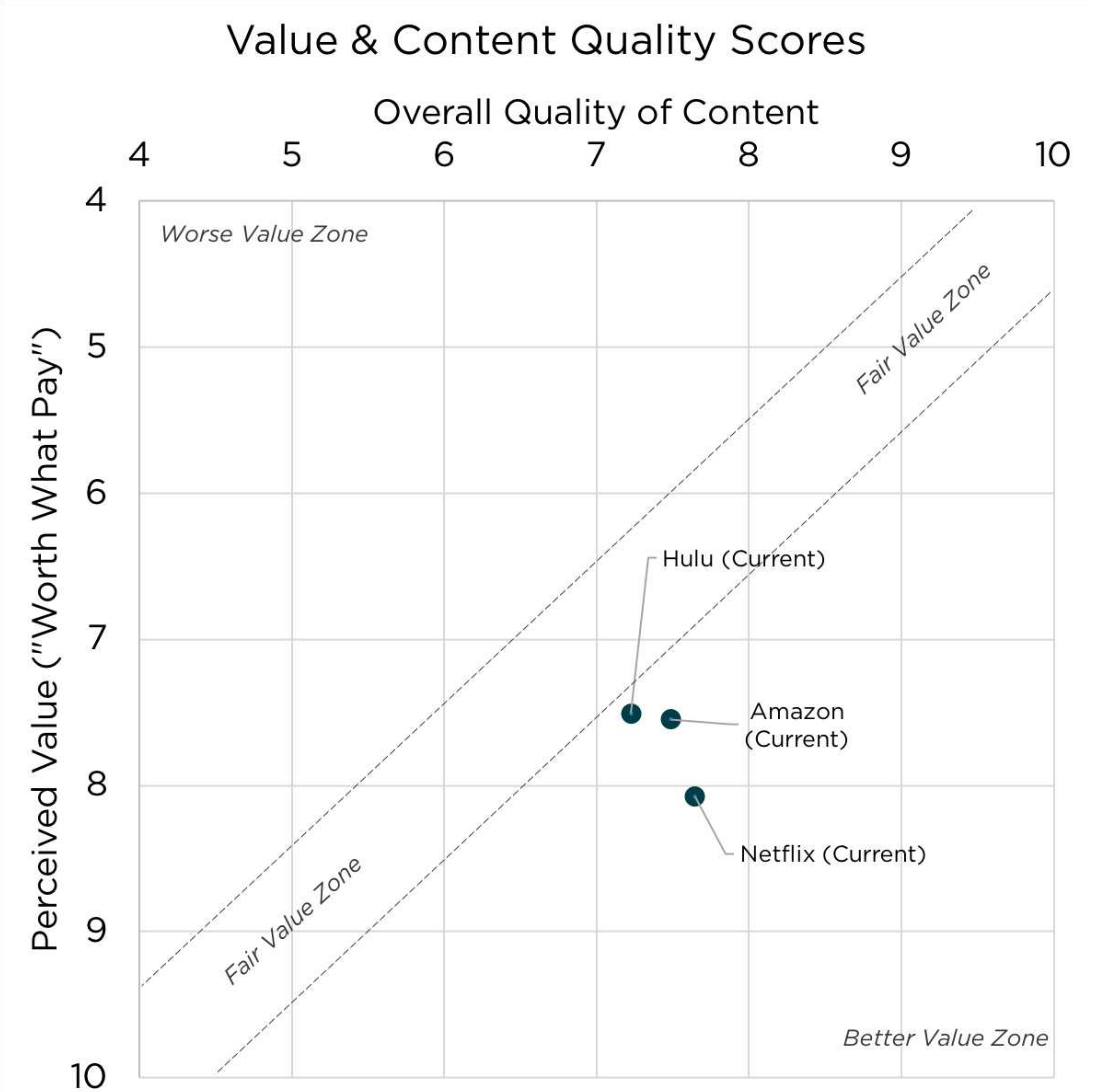
Why?

Losing What They Love
Consumers are anchored to Netflix having it all. They don't want to lose their favorite shows.

Cost To The Consumer
Fragmentation means consumers will have to subscribe to multiple services, which is expensive as well as inconvenient, time-consuming, and annoying.

LANGSTON

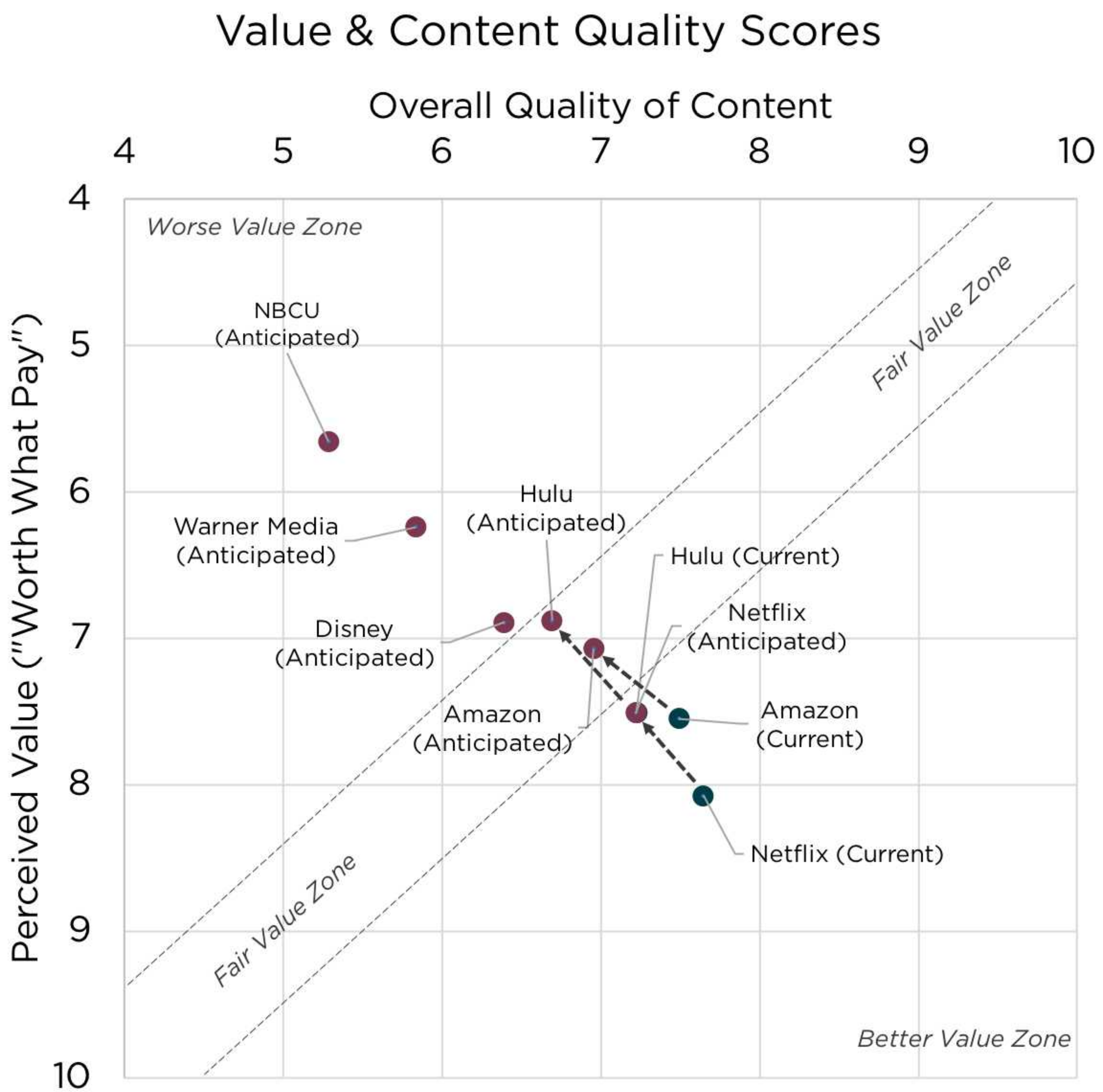
Netflix currently leads the pack for overall value ("Worth What I Pay") and Content Quality



Note: Value scores range from 1-10, where 10="Totally Worth It" and 1="Not at all worth it".
Content Quality scores range from 1-10, where 10="Excellent" and 1="Poor".

LANGSTON

When new contenders are introduced, existing players fall in perceived value



Note: Value scores range from 1-10, where 10="Totally Worth It" and 1="Not at all worth it". Content Quality scores range from 1-10, where 10="Excellent" and 1="Poor".

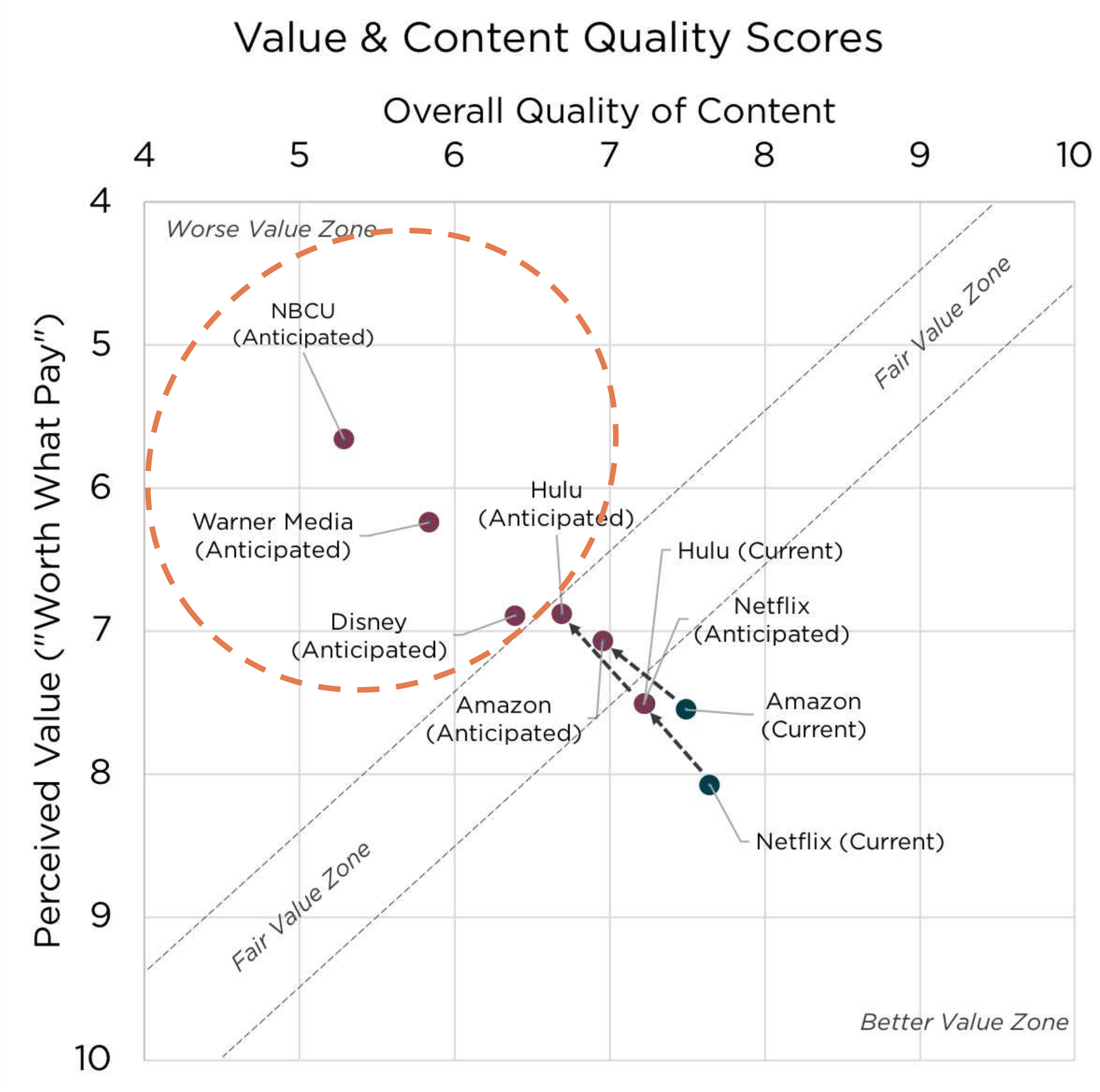
A Falling Tide Lowers All Boats

When Disney+, NBCU, and HBO Max are introduced, value scores AND content scores decline for Netflix, Hulu, and Amazon Prime Video (as indicated by dotted lines).

This means that a more competitive market erodes consumer value perceptions of Netflix, Hulu, and Amazon Prime.

LANGSTON

Consumers expect Disney to offer higher value and more/better content than NBCU and Warner



Note: Value scores range from 1-10, where 10="Totally Worth It" and 1="Not at all worth it". Content Quality scores range from 1-10, where 10="Excellent" and 1="Poor".

For whatever reason, Disney is perceived as a content behemoth while NBCU and Warner Media are not

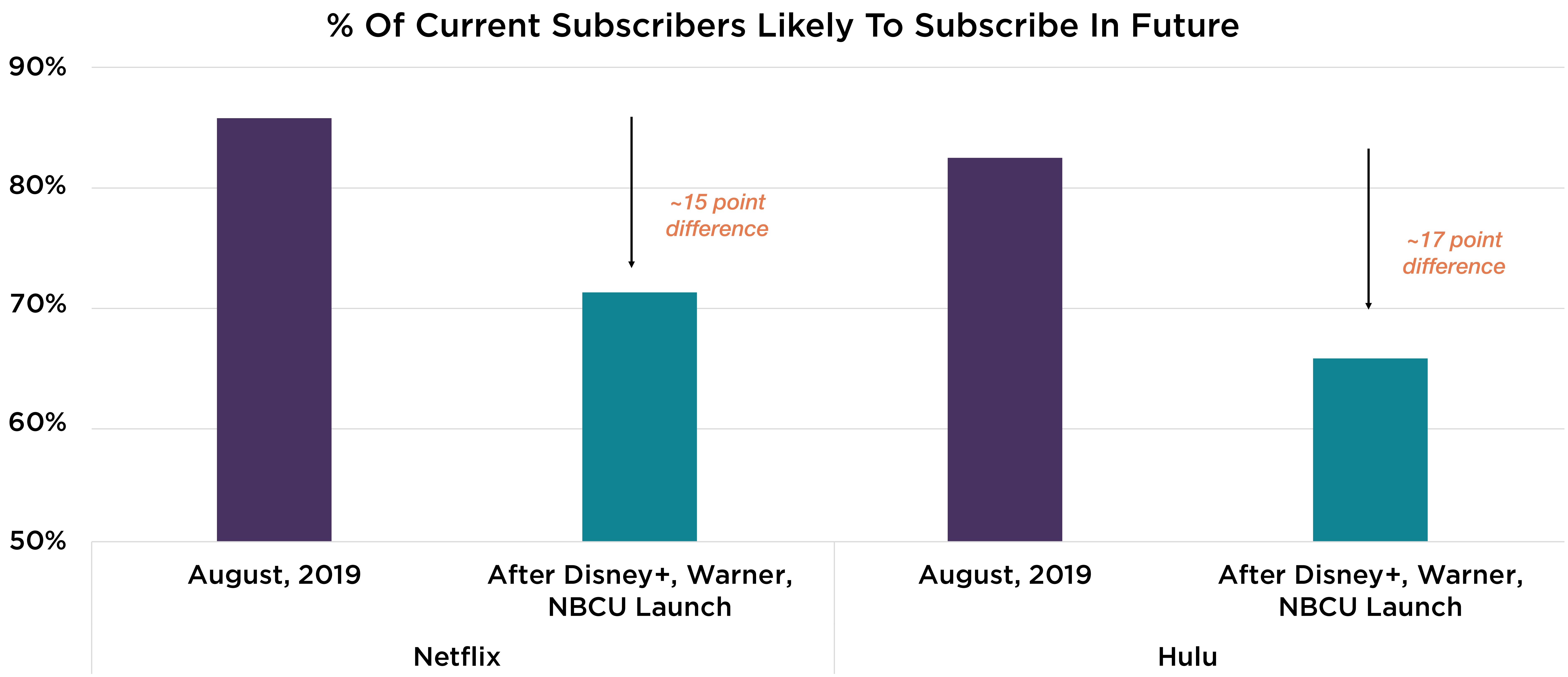
- Consumers know Disney "owns a lot" (but have trouble identifying specific content)
- Respondents associate NBCU with news and *Saturday Night Live*; and Warner Media with movies
- All three companies are perceived as traditional
- In qualitative research, few people could associate portfolio brands (e.g., Marvel, Lucas Films, DreamWorks, Cartoon Network) with their parent companies

I don't know what NBCU, Disney, or Warner owns…. But I know Disney has patents on a LOT of stuff.
Kiara, 25

Disney is going to be funny because I haven't thought about Disney since I was a kid [laughs]. NBC and Warner I think "outdated", "sitcoms", "channels I don't really watch" [laughs]. I don't gravitate toward them.
Mara, 34

LANGSTON

We expect Netflix to lose between 12%-17% of their US subscriber base; Hulu to lose 15%-19%



LANGSTON

We expect Netflix to lose between 12%-17% of their US subscriber base; Hulu to lose 15%-19%

"I already know that I will be subscribing to Disney+. I love Disney movies and since they'll have the Star Wars films and the Marvel films as well, I can't see why I wouldn't get the subscription. I'll likely still get Netflix as long as the price is lowered to compensate for the loss of programming, but definitely not Hulu or Amazon Prime.

-Tamira, 30, New York

"Disney+, NBCU, and HBO Max will offer limited (their own) content, which makes their product of limited value. Removing their content from Netflix, Hulu, and Amazon Prime makes these services undesirable.

-Marcela, 43, California

"I think this is going to make it hard for a lot of people to decide which streaming service to subscribe to. They are going to want to watch content from all these services, which they were able to on Netflix, but now they'd have to subscribe to multiple services for the same content. That's not fair.

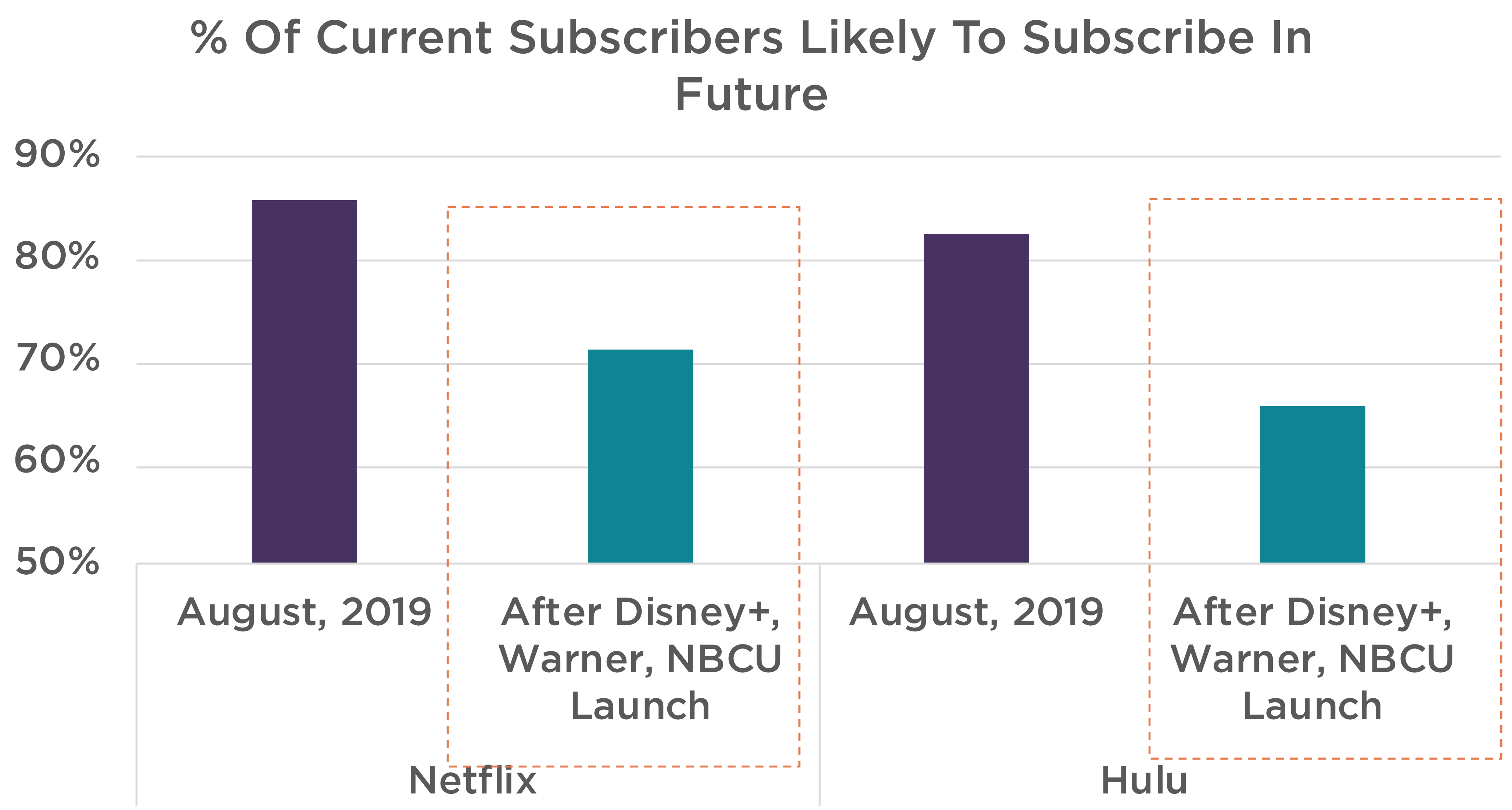
-Skyler, 36, New Hampshire

"The nice thing about Netflix was the ability to watch a variety of shows on one platform. This proliferation of specific streaming services with less variety makes me less likely to want to subscribe to streaming at all.

-Jason, 31, Michigan

LANGSTON

Let us emphasize: Despite anticipated subscriber loss, Netflix will likely maintain a large and loyal customer base



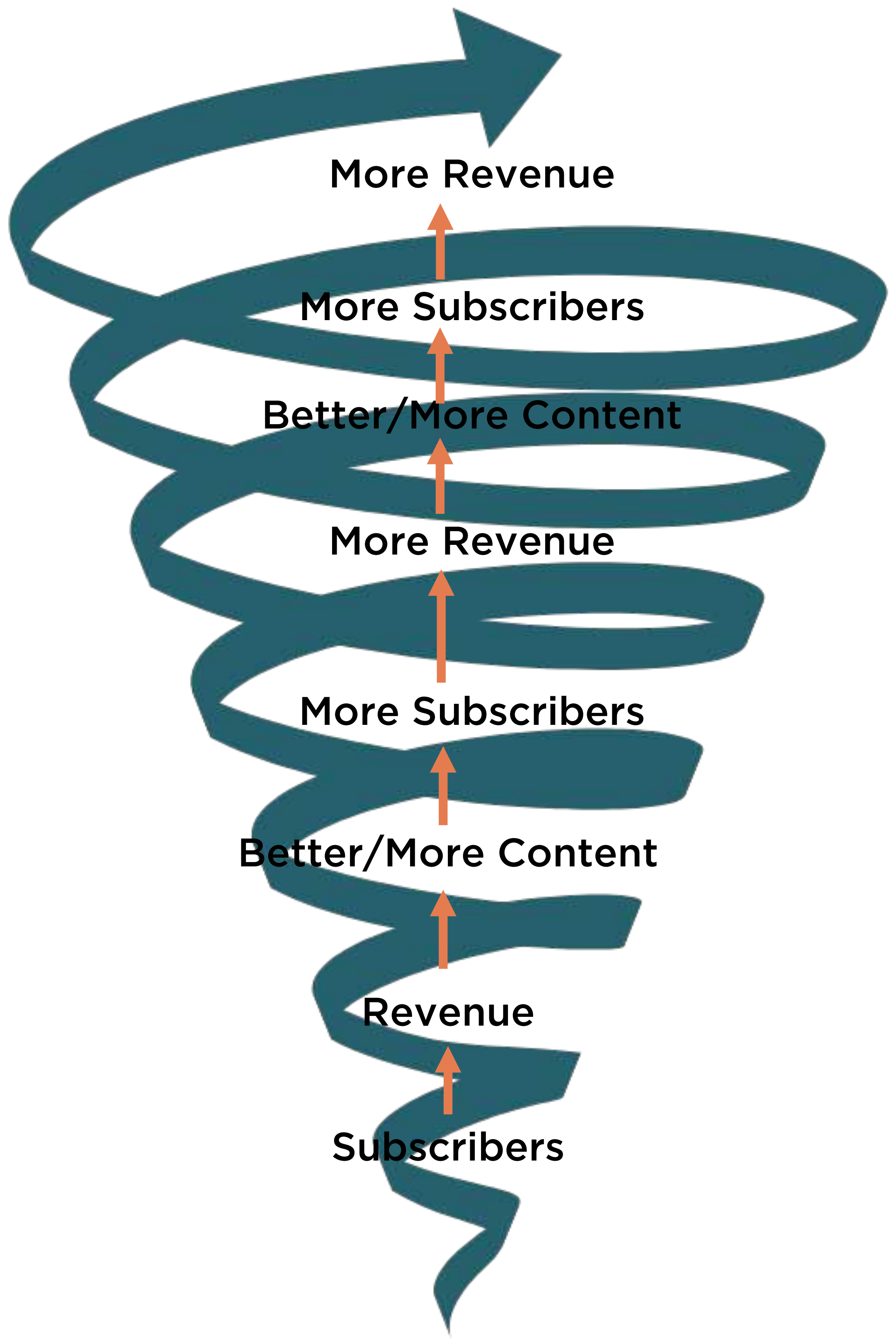
[...] Stranger Things – I just binged that! And I like lots of their random stuff (like documentaries). [...] I'm the guy who flies Southwest. I want ONE streaming service that is the best one. Unless they're head and shoulders better, Netflix will be my go-to.
Jessie, 28

I'm impressed with the Netflix original shows and movies. [...] you can't really go wrong with them.
Nihal, 31

LANGSTON

Yet even a 15% haircut could make Netflix vulnerable to entering a "vicious cycle"

VIRTUOUS CYCLE IN STREAMING

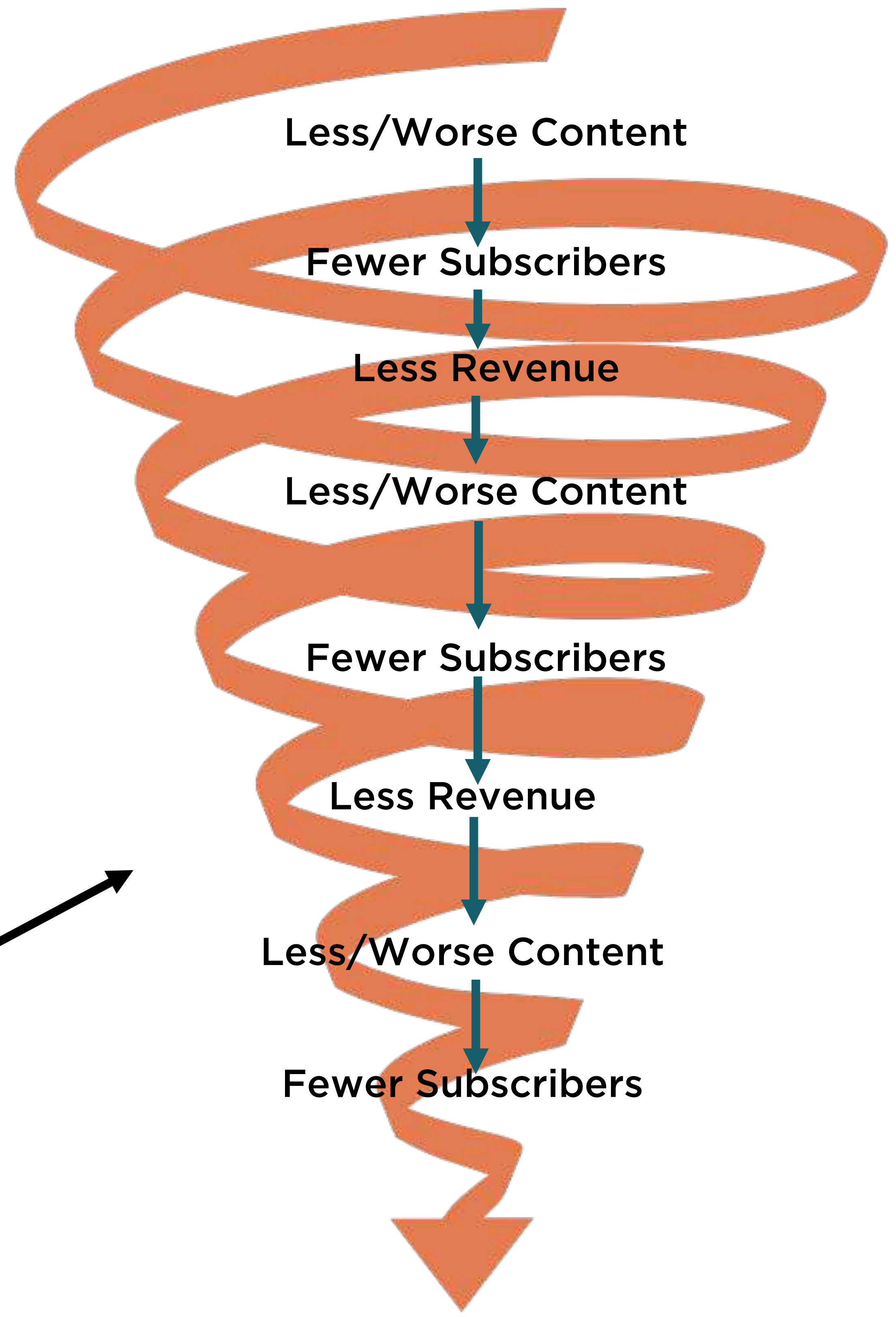


2009-2019: Thanks to licensed content, Netflix benefited from a Virtuous Cycle

NETFLIX

2019-Future: A loss of favorite licensed content could throw Netflix into a Vicious Cycle*

VICIOUS CYCLE IN STREAMING



**Major preventative determinants against Netflix entering a vicious cycle depend on success in international expansion, original content development, consolidation/new partnership agreements, smart pricing, and effective marketing spend.*

LANGSTON

Associating specific content with parent/portfolio name will drive subscription growth

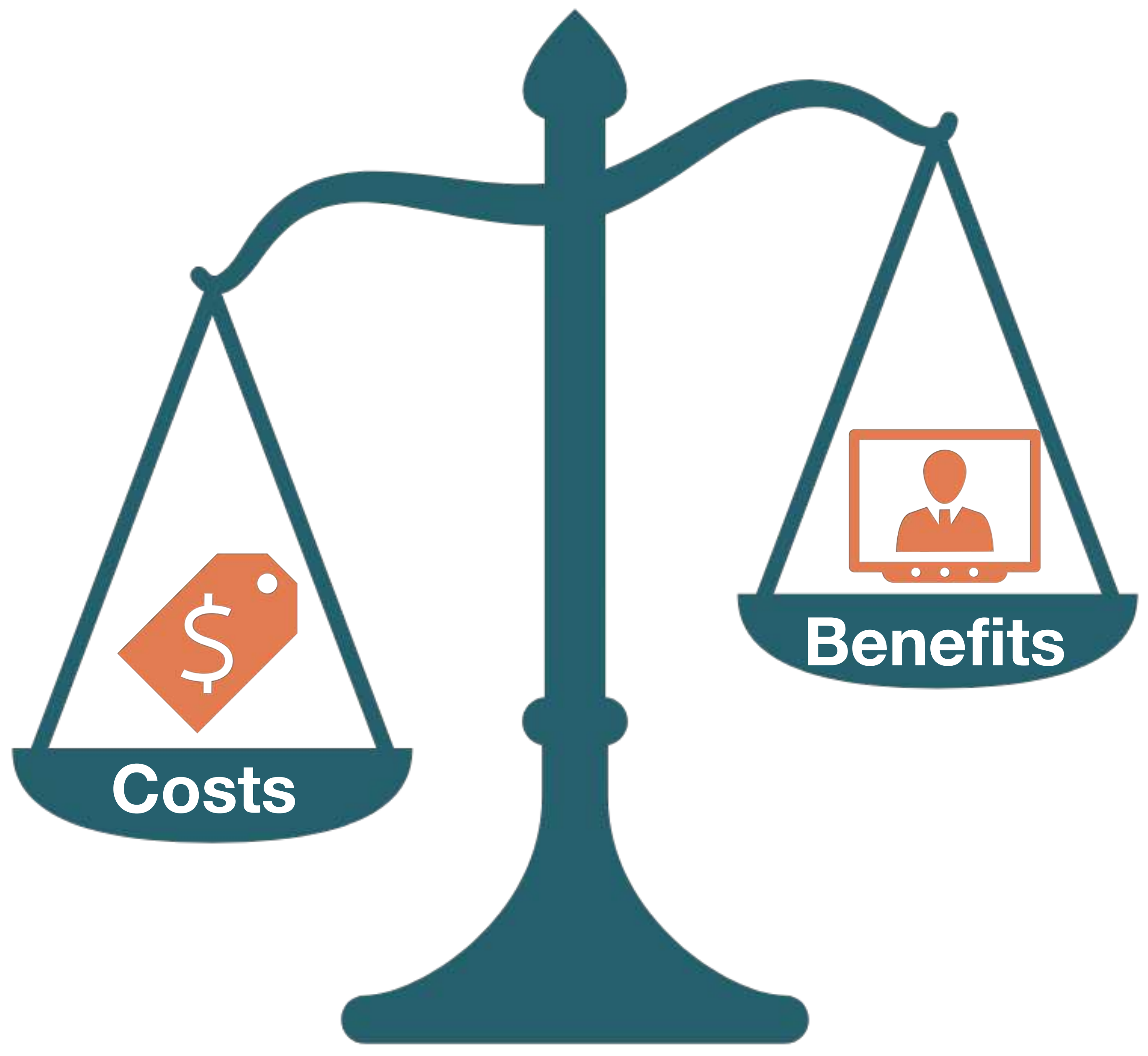
Consumers evaluate the amount and variety of content against the cost to subscribe.

Which Means…

Consumers must understand what they are paying for.

So…

If future consumers completely understand the breadth of content on Disney, NBCU, and Warner streaming platforms, they will be more likely to subscribe.



LANGSTON

Yet it is a myth to think ownership of content is the *only* critical driver of success in the streaming market

Comparison of Impact Weights Across Competitors				
Overall Market for Streaming Entertainment		**Netflix**	**Hulu**	**Amazon Prime Video**
Elements of Worth				
Overall Quality	34%	41%	33%	28%
Overall Cost	66%	59%	67%	72%
Worth What Paid For				
Elements of Quality				
Content	45%	41%	48%	46%
User Experience	55%	59%	52%	54%
Quality Overall				
Elements of Cost				
Monthly Cost	55%	53%	61%	51%
Costs of Add-on Features	45%	47%	39%	49%
Cost Overall				
Sub-Attributes of Quality				
Elements of Content				
Variety of Content	44%	40%	44%	51%
Original Content Quality	26%	32%	23%	21%
Other Content Quality	30%	28%	33%	28%
Content Overall				
Elements of User Experience				
Ease of Use	33%	29%	30%	38%
Recommendations	43%	41%	51%	42%
Features	24%	30%	19%	21%
User Experience Overall				

NBCU, and Warner can have the most desirable content/lowest price & still lose to Netflix

In determining overall quality of Netflix, Hulu, and Prime, consumers weigh the *user experience as important as the content*.

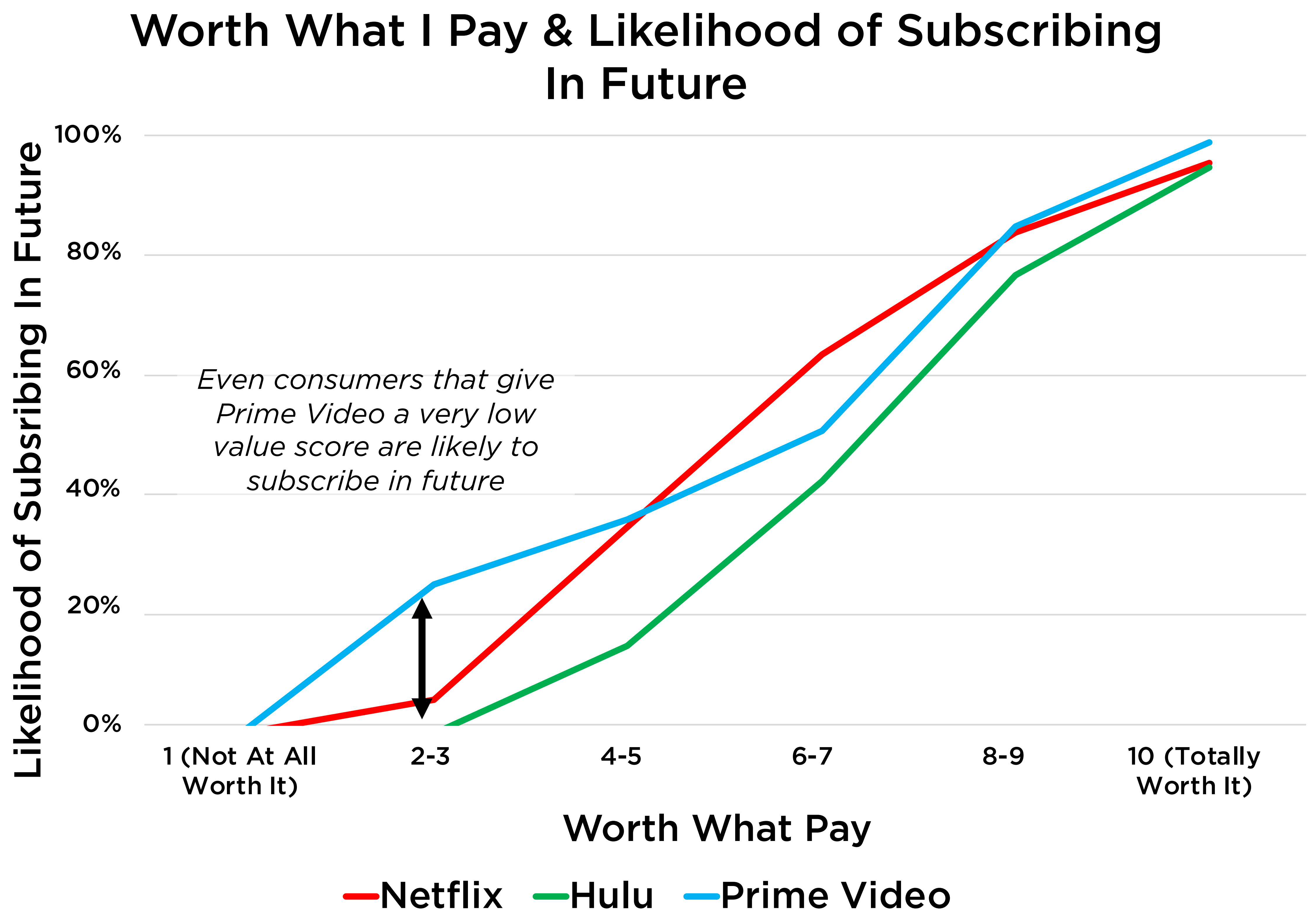
Content that is not delightfully surfaced, smartly recommended, or easily found through a seamless user experience is as good as nonexistent.

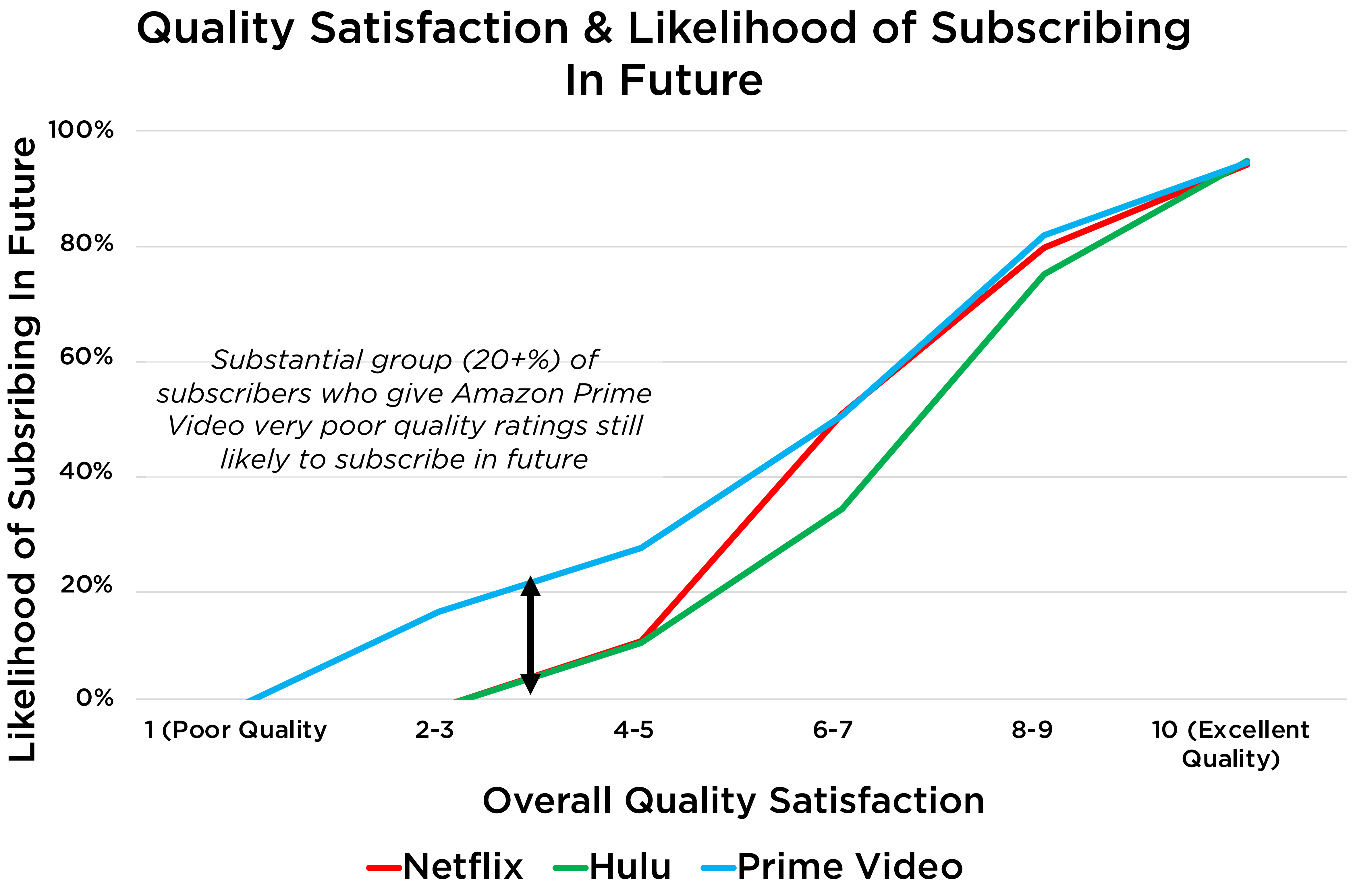
"Impact Weights" can be thought of as "importance weights". They are statistically derived measures indicating what matters to customers relative to other metrics.

LANGSTON

The exception: Prime Video, which is perceived as an "add-on" to Amazon Prime subscription

As a result, its users are less likely to cancel, even if they don't realize the value in content



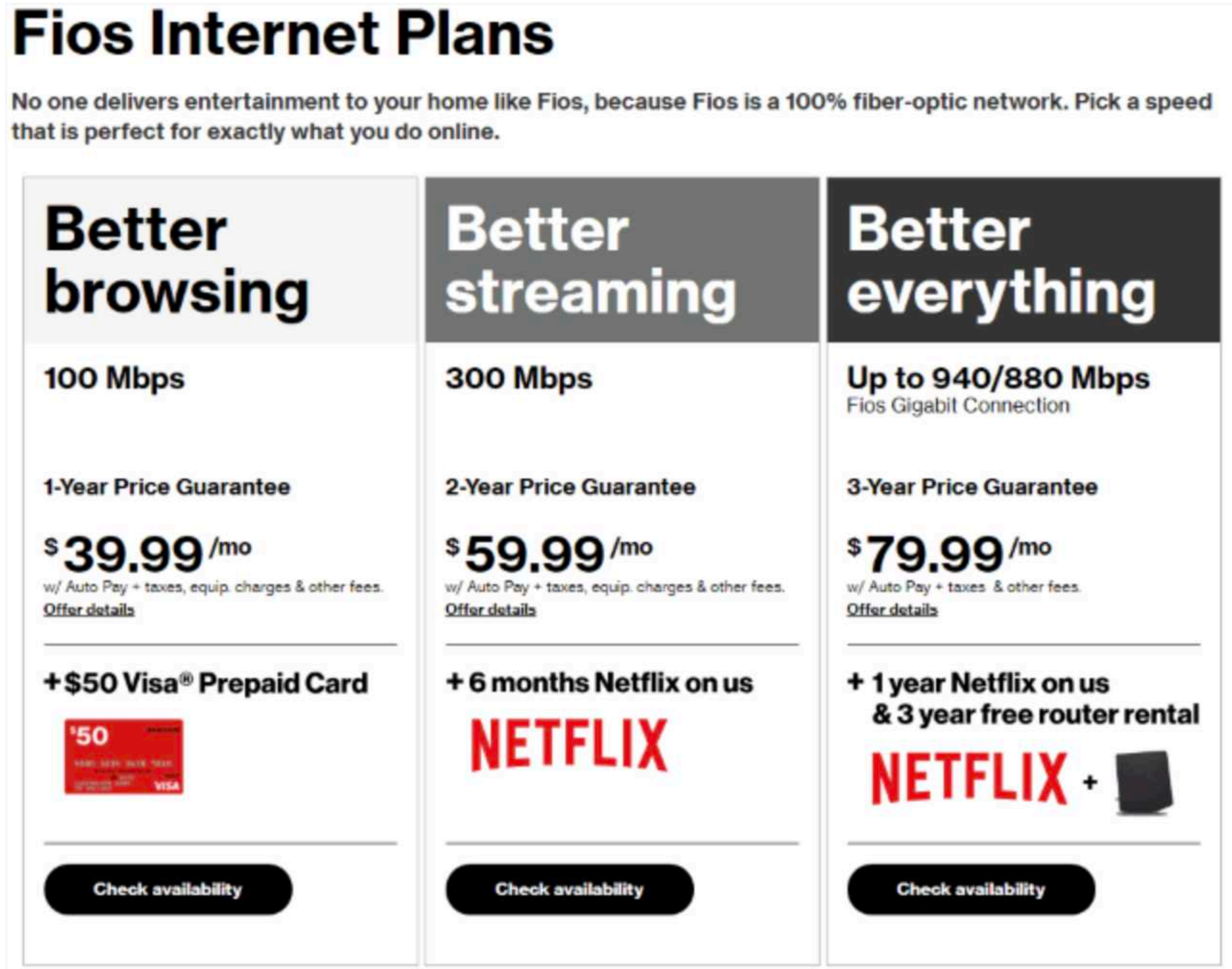


LANGSTON

Other streaming platforms may also be able to capitalize on the “add on” effect

Netflix has formed partnerships with telecom partners to offer its subscription as an add-on

Free Add-on with T-Mobile Cell Phone Service



Included Add-on with Verizon Fios Premium Tiers

Other streaming platforms may also be able to capitalize on the “add on” effect

Corporate relationships might present leverage for other platforms to seek “add-on” status

Cord cutting may **not** be a one-way trend that will continue

People who have "cut the cord" may very well go back to cable if…

the value prop of cable ("what I get for what I pay") is stronger than owning several streaming services

OR

the friction involved in finding good content across a wide range of platforms is high

OR

cable is able to reinvent itself, either through lower prices, more options, or a mix of both

OR

people's life circumstances change (e.g., Millennials having kids might want their kids to have endless kids content on Nickelodeon, Cartoon Network, PBS, etc.)

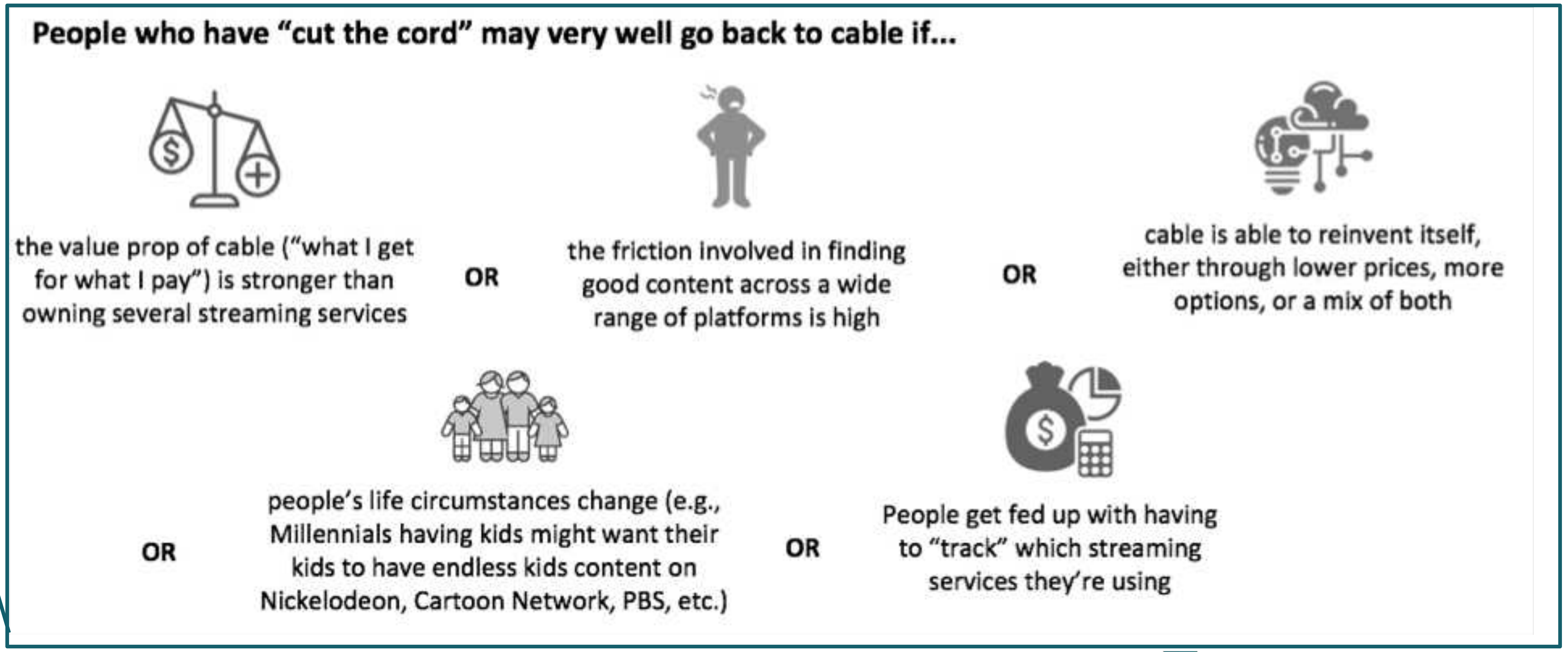
OR

people get fed up with having to "track" which streaming services they're using

LANGSTON

A slowing down of or a reversal in the cord cutting trend would benefit existing large media companies.

Players like NBCU, Warner Media, and Disney would likely do well in this scenario, as they and/or their parent companies benefit from more cable subscribers.



User Story: Cord Cutter Turned Cord Connector

Meet Jessica, an HR executive and mom

- After 5 years, dropped Netflix because she "wasn't watching it much".
- Subscribes to Hulu exclusively for *The Handmaid's Tale* (guilty pleasure); subscribes to Amazon for shipping and kids content
- Recently subscribed to cable again for her kids (Nickelodeon), her sports-loving partner, and personal down-time (HGTV)

LANGSTON

Kids content creates stickiness

Netflix is going to have to lower their prices if they start removing content…

[3 minutes later, asked whether she'll still subscribe]

Honestly, I think I will. They still have several things my family members love – especially my kids.

-Ella, 33

Netflix has a treasure trove of items that my kids love. I couldn't imagine getting rid of it for that reason.

-Lisa, 44

LANGSTON

The Streaming Platform market is highly price-sensitive

Comparison of Impact Weights Across Competitors

Overall Market for Streaming Entertainment		Netflix	Hulu	Amazon Prime Video
Elements of Worth				
Overall Quality	34%	41%	33%	28%
Overall Cost	66%	59%	67%	72%
Worth What Paid For				
Elements of Quality				
Content	45%	41%	48%	46%
User Experience	55%	59%	52%	54%
Quality Overall				
Elements of Cost				
Monthly Cost	55%	53%	61%	51%
Costs of Add-on Features	45%	47%	39%	49%
Cost Overall				
Sub-Attributes of Quality				
Elements of Content				
Variety of Content	44%	40%	44%	51%
Original Content Quality	26%	32%	23%	21%
Other Content Quality	30%	28%	33%	28%
Content Overall				
Elements of User Experience				
Ease of Use	33%	29%	30%	38%
Recommendations	43%	41%	51%	42%
Features	24%	30%	19%	21%
User Experience Overall				

Regression analysis shows that perceived price is a greater influencer of perceived value than experience and content combined.

Price accounts for about 60%-70% of "importance" whereas quality of the experience/content accounts for 30%-40%.

LANGSTON

Table Of Contents

Recommendations For The New Players (NBCU, Disney, and Warner Media)

BRANDING

Immediately give streaming platform a name to build product awareness

Immediately begin building associations between brand portfolio and umbrella NBCU brand

PRODUCT

Optimize for kids mode and kids content

Invest heavily in cross-device, cross-platform usability testing to create seamless user experience

ACQUISITION

Flex ownership of tentpole content like The Office and Parks & Rec

Be clear & transparent about pricing

BRANDING

Immediately give streaming platform a name to build awareness and generate “mere exposure” appeal

Why It Matters

Every news article, Facebook post, and in-person conversation about Disney+ helps Disney through the mere exposure effect.

The Mere Exposure Effect: a psychological phenomenon by which people tend to develop a preference for things merely because they are familiar with them.

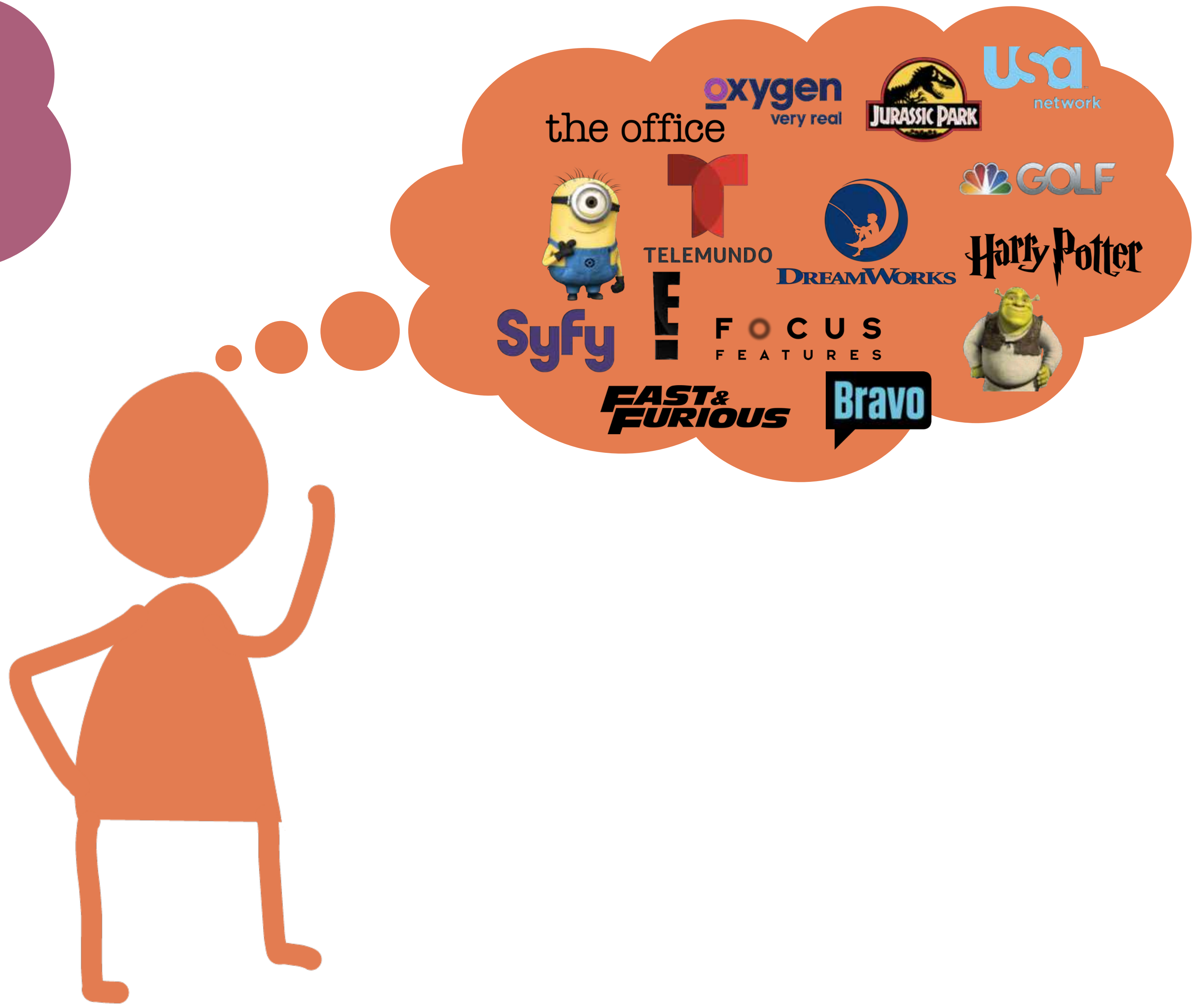
Buzz around HBO Max has been relatively minimal; NBCU has yet to name its streaming platform.

Immediately begin building associations between brand/content portfolio and parent company

BRANDING

Now: upon hearing "NBCUniversal", the average consumer today thinks…

Future: consumers should associate "NBCUniversal" with huge portfolio of brands and TV/movie favorites



Why It Matters

A strong launch performance relies on anticipated high perceived value.

Associating NBCUniversal with massive, diverse content library consumers love and know will…

create buzz and consumer anticipation for the platform to launch	increase interest + adoption of product upon launch

LANGSTON

PRODUCT

Optimize for kids mode and kids content

Why It Matters

For parents to hand over the remote to their kids, they must be certain that their kids are "safe" – i.e., kids only find age-appropriate content

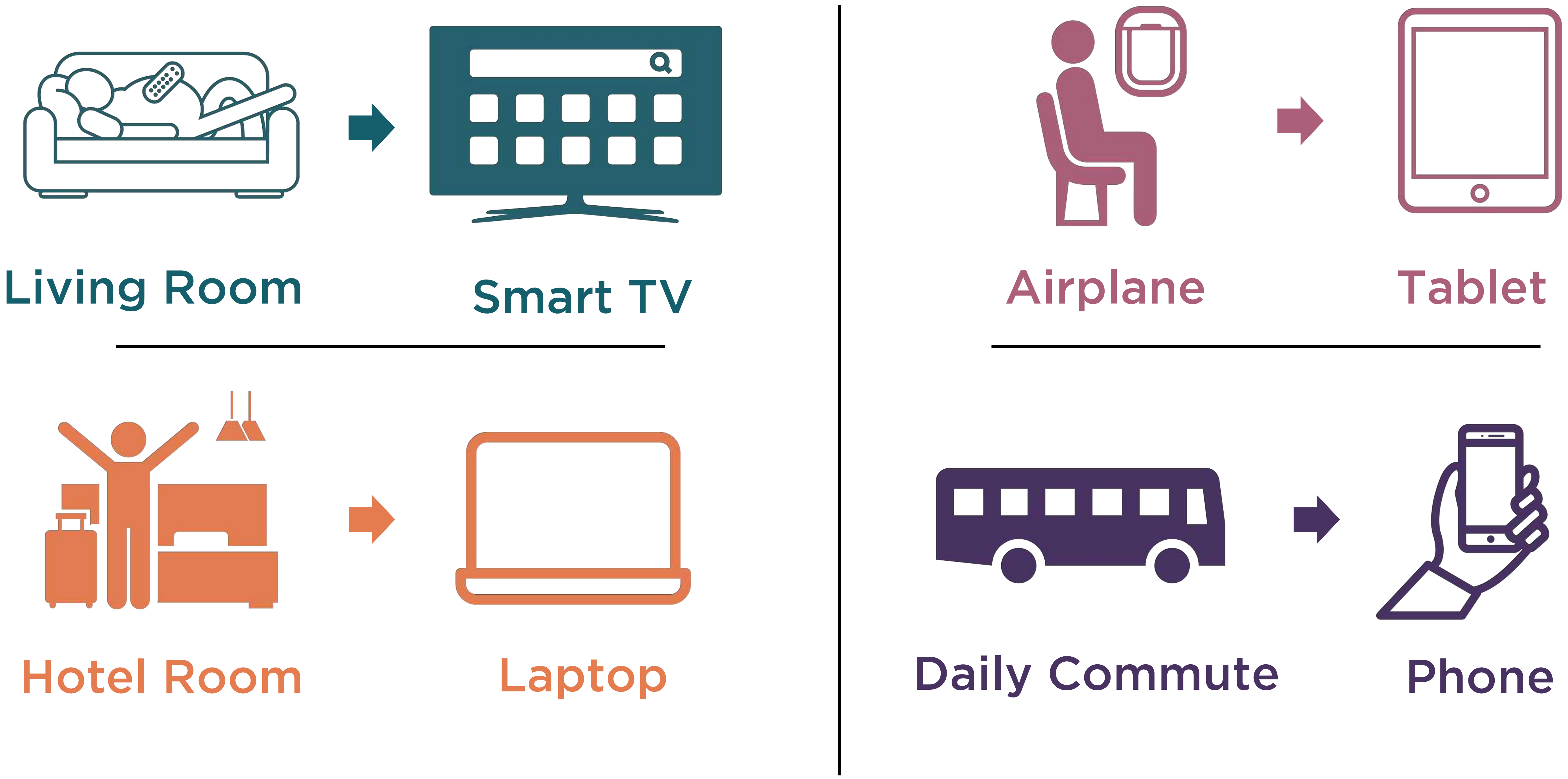
Parents will be less likely to cancel their subscription if their kids are consuming content on it ("$12 a month babysitter")

LANGSTON

Invest heavily in cross-device, cross-platform usability testing to create seamless user experience

PRODUCT

Examples: Situation / Device



Why It Matters

Device choice usually matches the situation, and consumers expect to watch content *at all times* (an expectation created by Netflix).

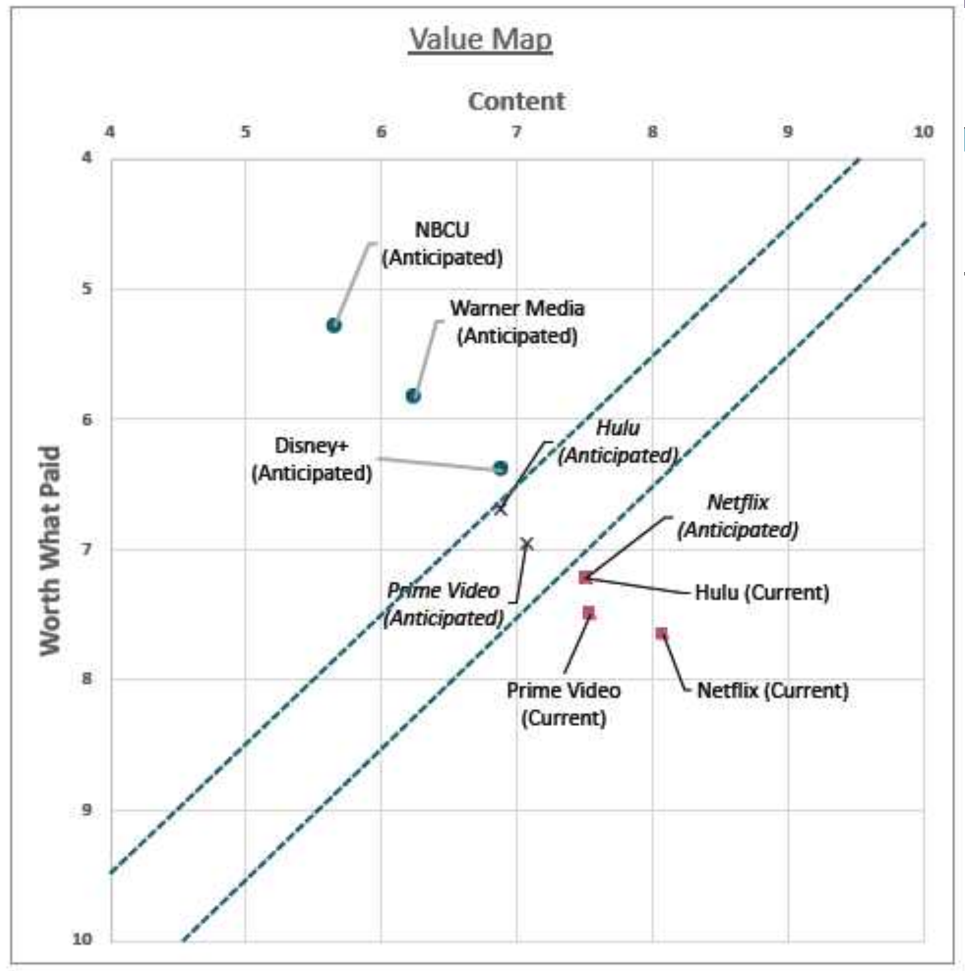
LANGSTON

Collect ongoing performance & satisfaction data

PRODUCT

Comparison of Scores and Impact Weights Across Competitors														
Overall Market for Streaming Entertainment			*Women*						*Men*					
			Netflix		Hulu		Amazon Prime Video		Netflix		Hulu		Amazon Prime Video	
	Impact Weights	*Average Score*	*Impact Weights*	*Average Score*	*Impact Weights*	*Average Score*	*Impact Weights*	*Average Score*	*Impact Weights*	*Average Score*	*Impact Weights*	*Average Score*	*Impact Weights*	*Average Score*
Elements of Worth														
Overall Quality	34%	7.82	46%	8.27	2765%	7.74	28%	7.74	32%	8.12	2997%	7.67	30%	7.67
Overall Cost	66%	7.28	54%	7.37	7235%	7.18	72%	7.18	68%	7.20	7003%	7.52	70%	7.52
Worth What Paid For		7.46		7.71		7.31		7.31		7.57		7.69		7.69
Elements of Quality														
Content	45%	7.73	43%	8.18	4523%	7.56	45%	7.56	38%	7.95	4836%	7.53	48%	7.53
User Experience	55%	7.79	57%	8.31	5477%	7.59	55%	7.59	62%	8.16	5164%	7.59	52%	7.59
Quality Overall		7.82		8.27		7.74		7.74		8.12		7.67		7.67
Elements of Cost														
Monthly Cost	55%	7.21	49%	7.26		8.19	56%	7.14	59%	6.98		7.92	44%	7.42
Costs of Add-on Features	45%	7.21	51%	7.25	5694%	7.83	44%	7.31	41%	7.08	7905%	7.87	56%	7.51
Cost Overall		7.28		7.37		7.65		7.18		7.20		8.04		7.52
Sub-Attributes of Quality														
Elements of Content														
Variety of Content	44%	7.53	39%	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	7.36
Original Content Quality	26%	7.50	33%	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	7.15
Other Content Quality	30%	7.19	28%	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	7.08
[illegible]		[illegible]		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	7.53
[illegible]														
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	7.81
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	7.07
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	6.89
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	7.59

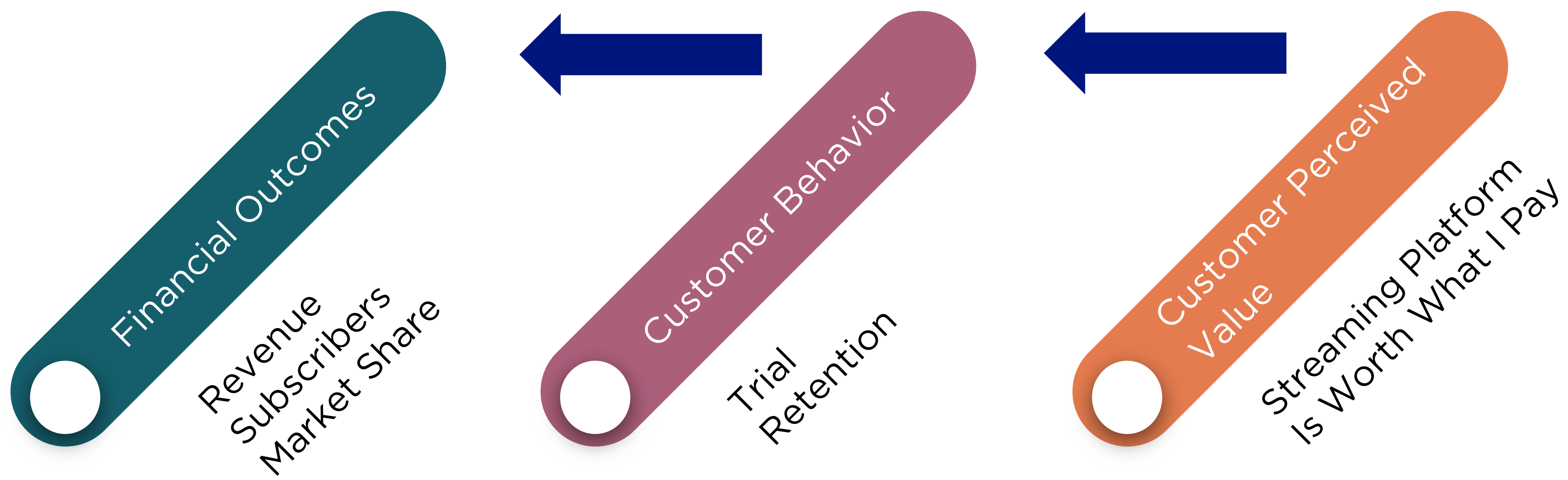
Overall Market for Streaming Enter					
Market-wide Data					
	Impact Weights	*Market Average*	*Net*	[illegible]	[illegible]
Elements of Worth					
Overall Quality	34%	7.82	[illegible]	[illegible]	[illegible]
Overall Cost	66%	7.28	[illegible]	[illegible]	[illegible]
Worth What Paid For		7.46	[illegible]	[illegible]	[illegible]
Model fit =	*0.83*				
Elements of Quality					
Content	45%	7.73	[illegible]	[illegible]	[illegible]
User Experience	55%	7.79	[illegible]	[illegible]	[illegible]
Quality Overall		7.82	[illegible]	[illegible]	[illegible]
Model fit =	*0.86*				
Elements of Cost					
Monthly Cost	55%	7.21	[illegible]	[illegible]	[illegible]
Costs of Add-on Features	45%	7.21	[illegible]	[illegible]	[illegible]
Cost Overall		7.28	[illegible]	[illegible]	[illegible]
Model fit =	*0.83*				
Sub-Attributes of Quality					
Elements of Content					
Variety of Content	44%	7.53	[illegible]	[illegible]	[illegible]
Original Content Quality	26%	7.50	[illegible]	[illegible]	[illegible]
Other Content Quality	30%	7.19	1.02	[illegible]	[illegible]
Content Overall		7.73	1.05	0.97	0.98
Model fit =	*0.80*				
Elements of User Experience					
Ease of Use	33%	8.09	1.06	0.96	0.96
Recommendations	43%	7.30	1.05	0.96	0.98
Features	24%	7.21	1.08	0.94	0.96
User Experience Overall		7.79	1.06	0.96	0.97
Model fit =	*0.79*				



Why It Matters

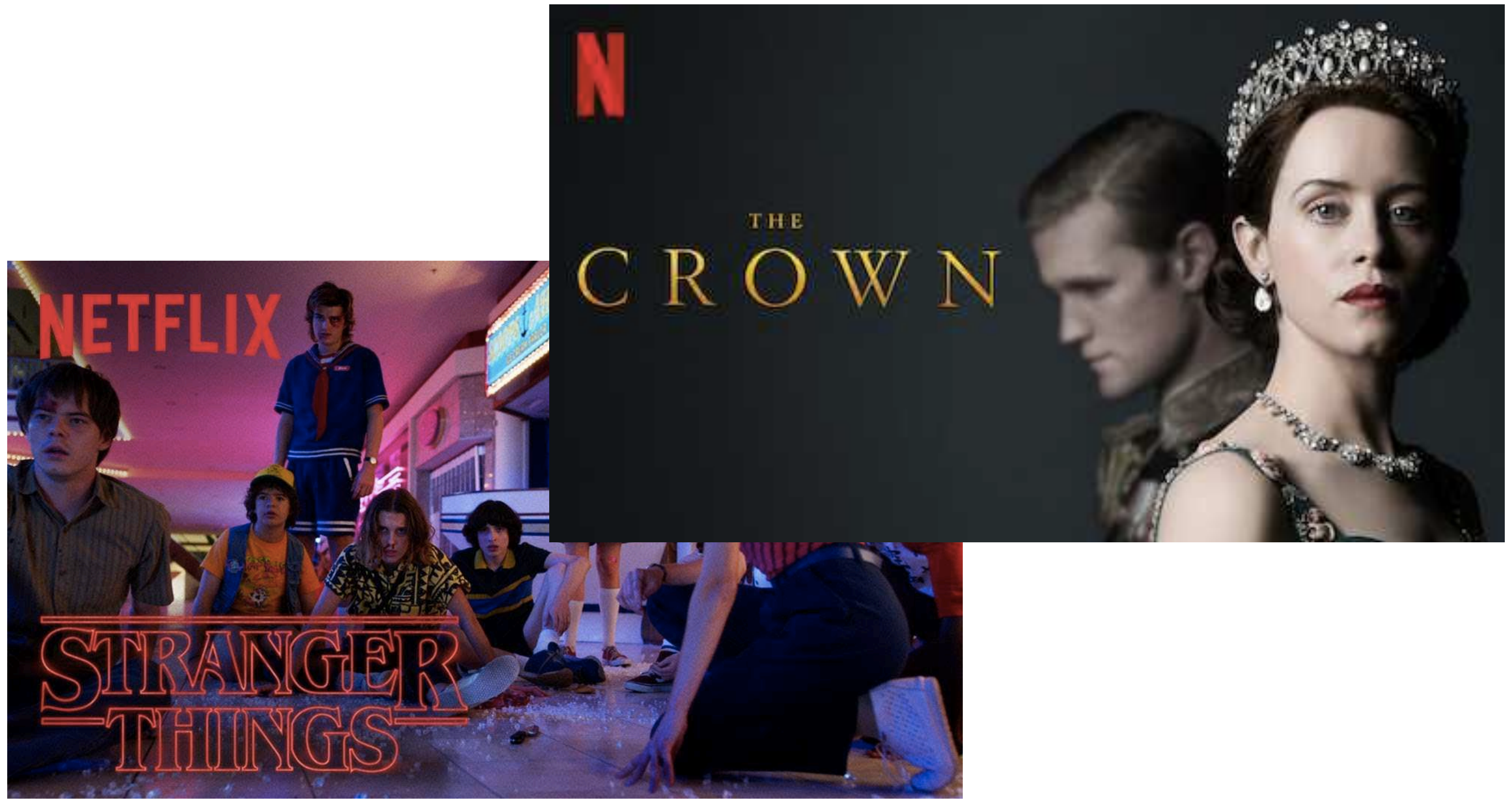
Many companies infer the value they're offering customers by looking at bottom-line financial outcomes…

…but causality runs in the other direction:
perceived customer value *causes* financial outcomes



Flex ownership of tentpole content (like *The Office*)

ACQUISITION



We're led to believe that new content is the primary engine to acquire and retain subscribers...

but old favorites remain highly valued by consumers. Take *The Office*: With 52 billion minutes consumed, *The Office* was the most watched show on Netflix in 2018.

LANGSTON

The best lever to win the land grab is *price*

ACQUISITION

Price policies and communication are critical

Low monthly prices & bundled content

Clear and transparent pricing will mitigate initial consumer fears of having to pay for many streaming services.

Users might cancel when they don't anticipate using it. Making it easy to put their account on hold will generate good will and increase the likelihood to subscribe.

Making it difficult to cancel or unsubscribe will create bad experiences and kill growth through word-of-mouth marketing.

LANGSTON

Table Of Contents

Please email streaming@thelangstonco.com
for more information on this report.