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OTT aggregators: Should your DTC streaming service jump on the bandwagon?

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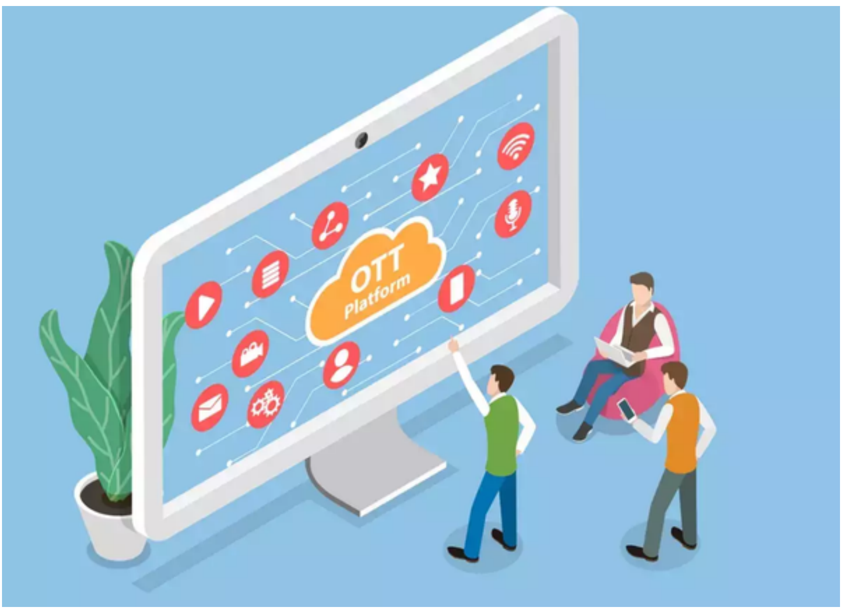

As the content streaming market matures, media brands are finding that their challenges have changed. It isn't simply about grabbing eyeballs anymore but retaining them.

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Over half of U.S. consumers subscribe to three or more streaming services, resulting in 340 million OTT subscriptions in a country with a 330-million population. India now has 119 million active paid OTT subscriptions, catering to 49 million subscriptions. That's an average of 2.4 subscriptions per paying audience member. Add special events like sports and blockbuster releases exclusively on specific OTT channels, and the number of OTT services customers are pressured to buy only increases.

Enter OTT aggregators

This multiplicity of OTT services has predictably led to subscription fatigue. Few people want a screenful of apps to choose from. An Interpret survey found that 20% of US consumers agree that they subscribe to too many video streaming services. Another study found that viewers feel that more than 60% of the content they are paying for is irrelevant to them. So, the stage was set for rationalization in the market, and OTT aggregators provided just that. Streaming marketplaces like Amazon Prime Video Channels or Apple TV+ offer a single interface to manage multiple accounts. In India, the Tata Group's Tata Play Binge offers an aggregated service to all smartphone users, with content in 12 languages from 17 top OTT platforms.

On the face of it, aggregation makes eminent sense. More content from a single source – HBO offering Warner Media content under HBO MAX, for example - leads to higher viewership.
Advertisers benefit from this, while the target audience is incentivized to remain loyal since they get more content for the same price.

Viewers are less likely to cancel their aggregated service, leading to more straightforward service adoption and easier account management.

So, what can go wrong?

No data translates to no personalization for the viewer and little control for the content owner While signing up with aggregators does have advantages for OTT platforms and viewers, it's important to remember one thing – you're engaging with the aggregator's viewers, not your own. And that means a lack of actionable viewer insights to improve experiences and retention.

A deep understanding of viewers' likes and dislikes, in-app behaviours, and what makes them stick are all crucial insights for every content owner and OTT platform's sustainable growth. It drives just about everything you need to do to bring and retain users with powerful and engaging viewing experiences. Content partnerships, content recommendations, viewer engagement, and, in the long term, a data led, empirical content strategy - it all depends on how well you understand what makes your viewers tick.

But for content owners operating only with an aggregator-led business model, your viewer insights reside with the aggregator, which uses it for its own business objectives. So, while you may get a sharp increase in viewership in the short run, relying solely on an aggregator for distribution can eventually harm your bottom line at worst and your competitive edge at best.

The other disadvantage is that, by piggybacking on an aggregator's tech infrastructure, your platform loses a large part of its flexibility and ability to control the viewing experience. New feature launches, for example, get more complex and slower to implement - or may not be permitted by the aggregator at all. In addition, streaming rates, which you could otherwise control, are totally up to the aggregator. So, all in all, any platform that partners solely with aggregators for content distribution has to make a trade-off between viewership numbers and actual viewer experience and engagement.

Does this mean that you shouldn’t consider an aggregation agreement? There’s a way to use this double-edged sword to your advantage.

The aggregator serves the appetizer. Your DTC platform dishes up the main course.

When considering hopping onto an aggregator's platform, a sound strategy is first to mine the data you already must find out who your core subscribers are and what they prefer. These are your nest egg, to whom you should cater above all else. Next, consider what could make price-sensitive customers who flock to aggregator sites sit up and take notice of your content.

That done, you can then tailor your content strategy so that viewers on aggregator sites get just enough juicy content to keep them engaged. Got exclusive access to a movie? Offer it first on your DTC property and make it available via the aggregator only after its initial run. Streaming a sporting event? Let the pre-game show and post-match highlights stream on the aggregator site while you reserve the live game for your DTC platform and put the game on-demand later on the aggregator.

Put top hit shows on DTC to bring and retain viewers, with lower stakes content on aggregator sites to build visibility for your brand and content.

This strategy allows your content to grab newbie eyeballs off the aggregator while keeping your connoisseurs engaged on your platform. In the process, you retain control and visibility into viewer insights, constantly serving up content and experiences that your users prefer - a win-win.

To sum up, aggregation is an excellent short-term go-to-market strategy. But for long-term, sustainable growth and brand building, DTC is the soundest foundation for your content and viewer engagement strategies. Eventually, those are the factors that will ensure your continued growth.