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## Video Streaming Services in India: Do the 7 P's of Marketing apply?

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*Entertainment is fast becoming an all-you-can-eat buffet. Call it the Netflix effect.*

*–Raju Mudhar, Toronto Star*

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### ABSTRACT

With average Internet speeds of 4mbps and bandwidth costs reducing to average Rs 10 per GB, a number of users, millennia and otherwise, prefer watching their favorite shows or channels live streaming making the OTT streaming industry a dynamic and fascinating space. With the advent of digitalisation and evolving viewer habits, it's safe to predict that the future for subscription based streaming services(OTT) seems both promising and interesting. This paper attempts to associate the 7 P's of marketing (services marketing mix) paradigm to this new industry to ascertain if these are relevant in this scenario and reporting the conclusions. A case based study approach is used. Conclusions and suggestions for future research are incorporated.

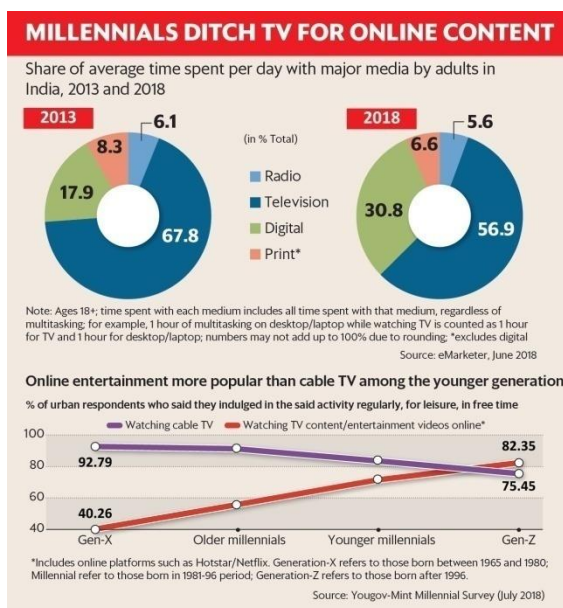
**Keywords:** Services marketing mix, streaming services, OTT, subscription based services

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## INTRODUCTION

Since the liberalization in 1991, India has been a darling recipient of all the products, services, technologies, fashion, entertainment and even culture, the multinationals could offer. The millennials love to stay updated with the latest news and trends in lifestyle products and services. All the information is out there and just a touch away. Consumers are getting used to access of information almost instantly and the ‘waiting’ just doesn’t sound good. Since the data revolution in 2015, thanks to Jio, there has been an uproar of data usage by consumers. Almost everyone with a phone now has an internet connection allowing him to access content on the go. The physical limitations of sitting in front of a television or going to a theatre have diminished due to the advent of video streaming services. According to the consulting firm EY, India had 160 million digital video viewers at the end of 2016. With growing broadband penetration and cheaper mobile data plans, this number is rapidly growing. We are currently living in the golden age of streaming services. Today, there is an overwhelming number of streaming services like Amazon, Netflix, Hotstar, Alt Balaji to choose from which give usplethora of movies, TV shows and documentaries at our fingertips, with new titles coming in every day.

The most popular streaming services in India together produce billions of minutes of watch time every month. With a vast and developing web populace, India is an imperative market for worldwide. There's unmistakably space for more than one player, including the homegrown ones, with different focus on content. In the last three-four years, nearly 30 video streaming platforms have been launched in India. This includes both the American services like Netflix and Amazon Prime Video and local brands like Balaji Telefilms’ ALTBalaji and those owned by broadcast networks like Star India’s Hotstar and Sony Entertainment Television’s SonyLIV. The following figure shows a radical shift from television to digital media in just 5 years.



Boston Consulting Group study released in November 2018 estimates OTT platform in India presently is worth Rs 3,500 crore but can grow ten times to a whopping Rs 35,000 crore in the next five years. Another

study, by Ernst & Young, says OTT users in the country will reach 500 million by 2020, making India the second largest market after the US.

### **Research Methodology**

This paper attempts to determine if the 7 P's of marketing are applicable to the streaming services (also known as OTT) industry. It is a case based study with no primary data as input. For the analysis, 3 video streaming services were taken into consideration. The reasons for selecting these are stated below:

#### **Netflix**

Netflix was the pioneer for streaming video content for unbelievably low prices in USA. This company had the first mover advantage and has been the market leader in the industry since its launch in 1998 when it was just an online DVD rental company that later expanded its operations to video streaming. Netflix was launched in India in 2016 and it will be utterly interesting to watch this giant trying to win the Indian market.

#### **Amazon Prime**

Amazon is one of the largest tech companies in the world. Its growth has been rocketed year to year making Jeff Bezos the richest person in the world. Amazon has revolutionized the e commerce industry with its prime delivery concept and it will leave no stone unturned in luring Indian consumers to use its streaming platform. Being one of the largest companies, it has enormous amount of capital to spare, threatening its competitors to survive in the pricing wars in future.

#### **Hotstar**

Star India Private Ltd. Had observed the success of Netflix in USA and discerned that like other multinational companies India will be home to OTT's. With this vision in mind, it launched Hotstar in 2015 way before its competitors were launched, providing it with the opportunity to establish itself in the Indian market and thus generating an audience that favoured the brand. Competing with this brand will be a tough nut to crack and given its understanding of the needs of Indian market, Hotstar is thus the most popular streaming service in India.

### **Marketing mix and Digital space**

Peattie (1997) pointed out how the new communicative capabilities supplied by the digital technologies are radically changing marketing in several sectors, but the marketing mix approach is able to adapt to the new needs: product, with the introduction of co-design with customers; price, with higher levels of transparency; place, with the creation of new ways to reach customers; and promotion, thanks to the new interactive capabilities. Bhatt & Emdad (2001) see the empowerment of the 4 Ps since the virtual value chain is internally transforming each P by adding new dimensions: personalized information in the Product, transparency and personalization of Price, direct delivery for Place, improved flexibility for Promotion. O'Connor & Galvin (1997), while assuming that the traditional marketing mix paradigm needs to evolve, propose that digital technologies can be useful to improve the mix's functionality maintaining the 4 Ps as the basic instrument for Internet marketing.

## 7 P's of Marketing

The extended services marketing mix was coined by Booms and Bitner (1981) to accommodate the characteristics of service industry. The authors recognized the need to elaborate the 4 P's of marketing given by Mc Carthy to ensure that all aspects of delivering services were included in the marketing mix. The 7 P's as stated in the following figure comprised of:



### 1. Product

According to Philip Kotler: “A product is anything that can be offered to a market for attention, acquisition, use or consumption. It includes physical objects, services, personalities, place, organizations and ideas.” A good product is primary to an organisation's success. Good products need less efforts on advertising as they “sell themselves” through positive word of mouth through satisfied customers. In the streaming industry the product or content is the important aspect of marketing mix. Customers are drawn to these apps because they find their offerings more interesting than on television. The product strategies of following companies are:

#### a. Netflix

Netflix has been more popular due to its English content and few original series like ‘Sacred Games’, Ghoul, Selection Day and Roma. However, Netflix does not have a lot of local content making it fall behind its competitors. The key to Indian market is to generate more local content as English speaking audience is few in number and to tap a larger chunk of market, it needs to add more programmes in numerous local languages.

#### b. Amazon Prime Video

There are more inclusive and public favourite programmes on Amazon ranging from drama to comedy than on Netflix. Many of its shows are on top trending list such as ‘Marvellous Mrs. Mazel’, ‘Homecoming’, ‘Bosch’ and ‘Mirzapur’. It also has numerous regional shows making it more popular than Netflix.

### c. Hotstar

Reigning number one on the most popular streaming service, Hotstar knows the secret to woo Indian customers. It has by far the most local content than any of its competitors and its winning it big bucks. Hotstar owns a whopping 30% share in the online streaming genre because its content is diversified and attracts all ages. It has popular shows from Star Plus India and original shows from "On Air with AIB". In a nutshell, it is a perfect substitute for television as it allows people to watch their favourite TV shows on the go. Though currently, Hotstar does not have any original movies, it is planning to invest around 120 million to produce shows that will eventually compete with Amazon and Netflix.

### 2. Price

India is a price sensitive country. Customers are known to leave brands they have been using since decades to adopt a low priced product. Changes in price levels are done very cautiously and the assured price strategy has been penetration pricing.

The following figures depict the pricing strategies adopted by

#### a. Netflix

Amongst all the streaming services, Netflix is the most expensive as it follows the premium pricing strategy. Its basic package starts at 500 rupees that is way more than its competitors. It has no plans to lower the prices in desktop version but it has been considering going 'app only' which will reduce its price point but as of now it stands at a disadvantage.

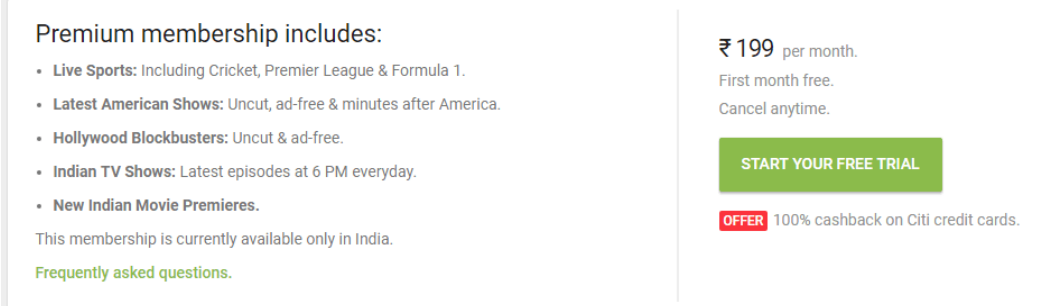
	Basic	Standard	Premium
Monthly price after free month ends on 12/07/17	Rs. 500	Rs. 650	Rs. 800
HD available	✗	✓	✓
Ultra HD available	✗	✗	✓
Screens you can watch on at the same time	1	2	4
Watch on your laptop, TV, phone and tablet	✓	✓	✓
Unlimited movies and TV shows	✓	✓	✓
Cancel anytime	✓	✓	✓
First month free	✓	✓	✓

#### b. Amazon Prime Video

One can avail prime video membership just by subscribing to prime delivery service which costs a meagre 499 rupees. It's the lowest among its contemporaries and smartly converts its website customers to streaming ones. Since its marked at the lowest price point, which can also be termed as penetration pricing, it is easily the best strategy to win more number of customers faster.

### c. **Hotstar**

Being the market leader and the pioneer of video streaming of movies and tv shows, Hotstar adopted penetration pricing to enter a new market. Despite being more expensive than Amazon Prime, it's still more popular because of its local content.



Premium membership includes:

- Live Sports: Including Cricket, Premier League & Formula 1.
- Latest American Shows: Uncut, ad-free & minutes after America.
- Hollywood Blockbusters: Uncut & ad-free.
- Indian TV Shows: Latest episodes at 6 PM everyday.
- New Indian Movie Premieres.

This membership is currently available only in India.

[Frequently asked questions.](#)

₹ 199 per month.  
First month free.  
Cancel anytime.

**START YOUR FREE TRIAL**

**OFFER** 100% cashback on Citi credit cards.

Here's how the pricing goes for the premium subscription:

Rs 199 for a month Rs 498 for 3 months

Rs 894 for 6 months

Rs 1,200 for 12 months

### 3. **Place**

The most incredible aspect of streaming services is that they don't need a physical space to cater to their customers. All of the competitors in this space used both web and mobile platforms. Mobile platforms got more attention from customers making it easier for them to watch their shows on the go. According to Simran Sethi, Creative Director at Netflix India, India is a nation of 'commute streamers'. "Netflix customers in India binge while on the road," Sethi said. "Approximately 82% are more likely to stream at around 9 AM in the morning, and then again at night." However, Netflix is considering going 'app only' to further reduce its pricing but no decision has been made so far.

### 4. **Promotion**

Promotion is defined as providing information for persuasion (van Riel et al., 2005).

#### a. **Netflix**

John Stevens (2018) states that although Netflix has a unique, sought after product, its success also lies in the fact that it is a brilliant marketer, and its social media efforts aren't taking a backseat in its marketing strategy. Netflix is the leader in OTT (Over the top or streaming services) globally and the company is a market leader not by chance. It has carefully and boldly carries its promotional campaigns that hit the bull's eye and are loved by its members. The social media promotional campaign is on point it engages customers through its funny tweets. Also it keeps updating all the upcoming shows to its customers through social media. However, Indian market needs a lot of promotional campaigns on traditional advertising which Netflix has been ignoring for a while. This move can hurt Netflix in the long run as only a miniscule population is on Twitter.

**b. Hotstar**

Soham Mulani (2017) appreciated Hotstar saying that it is an ideal example of how a mobile app should carry its growth into a sustainable future and attract customers for a longer period of time. The app makers took the initiative and run a fierce marketing campaign on their own channels (Star India) as well as on social media. Moreover, they extensively used the traditional marketing strategies and positioned the app smartly using the print campaign and advertising. Besides enjoying the first mover advantage Hotstar understands the pulse of Indian market and has produced and marketed its product tailored to the needs of Indian customers. This simple yet genius marketing strategy makes Hotstar the most used OTT in India.

**c. Amazon Prime Video**

Amazon Prime Video, the underdog, isn't staying behind the game. With a balanced set of content on its platform and an equally competitive attitude like the others, Amazon's premium subscription platform is relying on creative content marketing for the promotions of its shows. It launched a three phase marketing campaign for its original show 'Breathe' and Vijay Subramaniam, Director, Content, Amazon Prime Video India revealed that the multi-media campaign for upcoming new shows and movies was designed keeping all creatives with respective mediums in mind and how to interact with them. He predicted that Amazon prime's digital space would be extremely interactive and innovative especially on Twitter, Facebook and Instagram.

**5. People**

People refers to the staff of the company and how they represent the brand. This can mostly be seen through their social media presence, and how the marketing team and social media managers portray the brand to be friendly, funny and relatable. They always reach out to their customers regarding any issue or concern they might have, and their customer service is cordial and replies quickly. Netflix has an online helpcentre with answers to frequently asked questions, and one can call the customer service through their mobile app via internet connection. Another option is to start an online live chat with someone from their staff.

**B. Hotstar**

Unlike Netflix, Hotstar generally doesn't engage in social media platforms to interact with its customers. It's still relying on the old school method of marketing its product to customers which essentially isn't too bad but the company seems less approachable than Netflix. Thus, the company needs to improve its customer interaction and social media presence to continue grow in the long run.

**C. Amazon Prime Video**

Amazon's reputation precedes Prime Video and it's been proven extremely well for the platform. Amazon is known for commitment to its customers and providing products at lowest possible price making it more trustworthy to customers who search for value for money. However, like Hotstar, Amazon also doesn't have a good social media presence depicting its company culture and people.

**6. Process**

Process refers to the way in which a service is provided or delivered.

**A. Netflix**

One of the best attributes of Netflix is how easy the website is to navigate. Their titles are sorted by whether the title is a movie or television show, by genre, and their efficient search tool can help you locate the titles you want, or you can search your favorite actors as well to find their shows. The site and app is very easy to use, and customers can contact customer service for feedback on their issues. There are various modes of payment wherein members can pay the monthly fee via credit or debit cards as they accept international Visa, MasterCard, and American Express cards. Remarkably, Netflix's buffering speed is way better than its rivals, giving it an edge in this segment of marketing mix.

**B. Hotstar**

Similar to Netflix, Hotstar too has well defined categories to guide customers to watch show. Its interface is not too fancy which appeals to customers making themeasy to search for their favourite titles. But the major drawback Hotstar has that its buffering takes a lot of time leaving customers frustrated. Also the picture quality of Netflix is better than Hotstar leaving it with an additional disadvantage.

**C. Amazon Prime Video**

Of the three, perhaps the process to avail Amazon's prime video subscription is the easiest as it comes free with Amazon prime membership. The customer need not to purposely go to the website to create an account as its already linked with Amazon's account. Also its speed is much better than Hotstar, giving it an edge in this aspect.

**7. Physical Evidence**

Physical evidence is the tangible aspects of a service, but as OTT's are digital brands, the only physical evidence of the company are the bills of the customers who paid using various digital measures.

**Findings**

The analysis of all the 7 P's of marketing mix reveals that the most important of them are product, price and promotion. The reasons for these being most crucial are as follows:

1. India is extremely price sensitive so to survive and thrive in this industry, its paramount for these companies to constantly monitor the prevailing fee structure to maintain their customers and ultimately their market share. Thus, Pricing will always be the most crucial aspect of marketing mix.
2. Product is the key to entice the market to become a member of the OTT platform. These companies have to consistently provide quality content to justify their prices to their customers.
3. Promotion ensure long-term success, bring in more customers and ensure profitability for businesses. The OTT's are not just competing against each other but also the traditional media i.e. television. This task requires educating customers of the platform and then persuading them to use it. All of this will require lots of promotional campaigns on behalf of companies.
4. Place has rather lost significance through these platforms. The only decision regarding it is to go both web and app based or one of the two. So in case of streaming services, Place aspect of marketing mix is not really relevant.



5. People in the marketing mix is crucial because there isn't any physical interaction with the employees of the company so the only interaction will either be on social media or through customer care.
6. Process is mostly related to the interface through which a consumer selects which show to watch or the buffering speed which makes for a positive or negative experience.
7. Physical Evidence doesn't play a crucial role as only bills of the service provided will be considered in this category which doesn't impact the entire experience too much.

## CONCLUSION

The above analysis reveals that marketing mix has become obsolete in the new emerging era of OTT's. As the OTT space gets competitive, there is much to look out for in their offerings and promotional campaigns on social media. Unfortunately, there has been a dearth of research in this area, leading to unclear and obscure interpretation. Time has come for e-marketing research and practice to arrive at a deeper comprehension and maturity in the digital environment, so that we probably see a new marketing mix paradigm which will put the traditional Ps to rest and give insights to an advanced and widely accepted paradigm for marketing operations. (Christian Grönroos)

### Limitations and Scope for Future Research

This study faces the following limitations:

1. The primary limitation is lack of studies in the area. The subject is relatively new leading to few sources of research to look into for insights on the issue.
2. Only three competitors were selected because due to lack of time. Future research can incorporate more companies to get a better understanding of how OTT's work.
3. The research is not based on any primary data collection that generally lends more credibility to the research. Future endeavours towards a primary based research can be implemented.

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