Rocket fuel for a winning experience in the streaming race

EXPERIMENTATION
Along with the likes of Netflix, Hulu and Amazon, large traditional media companies, such as Walt Disney, WarnerMedia, and NBCUniversal, are bringing their own streaming services to market. The race is on.

So what’s going to secure pole position in this ever-more crowded field? There are clear limits to what consumers are prepared to pay out for subscriptions. Research suggests that most (60 percent) say $20 per month is their threshold, and 80 percent say no more than $40.

So with those limits, most consumers will likely stick to just three to five services. And those that already subscribe to one of the established brands such as Netflix or Hulu become increasingly attached to them as time goes by. New entrants that seek to dislodge those de facto incumbents and insert themselves into consumers’ affections face stiff competition. So how should they compete? Price and content will be important, of course.

The competition for consumer attention is becoming more intense than ever.

But there’s another dimension that will prove highly influential: experience. Recent Accenture research found that among users of Netflix, Hulu and YouTube, 21 percent attribute “overall experience” as a top reason to leave a service, and 50 percent attribute “overall experience” as the top reason to stay.³

What do we mean by experience? It’s much more than having technology that works or an appealing UI. Experience covers every interaction that a consumer has with a service or platform throughout their entire journey. From receiving promotional offers, signing up for the service and downloading the app, to navigating the platform, discovering and engaging with the content and dealing with customer service, each and every one of those moments presents an opportunity for a subscriber to love or hate their experience.
Accenture research has found that streaming services that provide simplicity and increasing relevance (or personalization) at each of those moments, score higher on subscriber affinity and ultimately retention, with 62 percent of customers switching when a streaming service lacks personal relevance. It’s an area to which established players devote considerable time and money. Says a former Netflix executive: “Chase addiction, not just adoption.” And what makes it an even tougher prospect for new entrants is that consumers won’t simply compare their experience of other streaming platforms. Instead, they’ll draw on their expectations from experiences across a wide range of other digital services, such as Uber Eats, Pinterest or Spotify. These ‘liquid expectations’ flow from one platform to others. And the critical point is that services like those continuously adapt, tweak and enhance the experience that they offer. Players entering the streaming market will need to do the same. Launching with a beautiful and intuitive user interface is really just table stakes. How all aspects of the experience evolve from there is the key to retaining consumers. Winning on experience in a crowded market with well-funded competitors is challenging enough, but winning on experience in an age of liquid expectations is especially difficult.

Consumers might expect live event purchases on ESPN+ or Peacock to be as simple as using Venmo or expect HBO Max in-app social sharing to be as easy as sharing a playlist on Spotify. With liquid expectations, the bar never stops rising, which means the work to optimize experience is never finished.

In other words, in the fast-paced streaming marketplace, failure to commit to continuously enhance the user experience across the entire user journey—so not just platform features but also marketing and service—can put companies way behind.
Experimentation is the rocket fuel to accelerate experience enhancement

How can companies stay ahead in a world requiring continuous evolution? If they want to evolve and enhance their customer experience, and potentially outpace the incumbent players, new streaming services need to adopt a culture of experimentation.

Look up experimentation in a dictionary and you will find a definition along the lines of: “the process of performing a scientific procedure to determine something or try out new ideas.” For a streaming service, experimentation means the same: trying out new ideas to win on experience. How? By committing to continuous improvement fueled by a deliberate, data-driven method of testing experience enhancements with a subset of subscribers—across product, marketing and service—to identify the best features to roll-out across the entire subscriber base.
Experimentation cannot reduce the time it takes to properly develop a new platform feature. However, it can validate a proposed feature’s success much earlier in the development cycle. Conversely, experimentation will identify losers faster. That means less time and effort spent on duds and greater capacity to focus on winners. Dollars flow to the winners.

What does that look like in practice? A major US video streaming service believed that an improved home page could enhance viewer experience. They spent nine months designing, building and rolling out what they believed to be a better home page. Only they found their efforts were wasted. There was no material impact on consumer experience. Experimentation could have surfaced this finding earlier, and dollars redirected to additional home page variants or to other projects with promising ROI.
Experimentation more rapidly injects the voice of the customer into employees’ day-to-day decisions. Product, marketing and customer service enhancements are also now guided by genuine customer feedback gathered from experiments.

Some of today’s most innovative companies have embraced experimentation. Leaders, like Facebook and Google, have formally embedded experimentation into their ways of working and how they develop new products. In fact, two streaming service incumbents, Netflix and Amazon, are some of the most advanced, running thousands of experiments every year. For instance, Netflix runs 400 A/B tests a year simply on the enhancements to the recommendation engine that suggests shows and movies to every viewer.
EXPERIMENTATION: ROCKET FUEL FOR A WINNING EXPERIENCE IN THE STREAMING RACE

CAPABILITIES FOR SUCCESS

If companies are convinced by the need for experimentation, they need to work out how to do things differently. It’s not easy.

Experimentation is a different way of operating. Even for a streaming service’s product and technology teams that use an Agile, iterative build process, making experimentation a formal part of the build process would be new and unfamiliar. For other departments like marketing and customer service, continuous, data-driven experimentation is likely to be a wholly new way of working.

ClearHead, now part of Accenture, is an experience optimization agency that has helped hundreds of companies establish and scale experimentation capabilities with the goal of continuously, rapidly and cost-effectively enhancing customer experience. Brian Cahek, Managing Director for Experience Design & Optimization from ClearHead writes:

Executives are wrestling with how do I have customers speak into my organization. It’s a hard thing to do. Experimentation is one of these ways that has proven how to do it. It is this concept of being agile, taking small, data-driven bites to prove in an objective fashion, that something is working better. Doing that consistently over time helps drive incremental results but also strips away some of the politics and other agendas that are in big companies. It helps companies who are trying to become customer-center who can’t get out of their own way.
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Key components:
There are five key components a video streaming service should put in place in order to successfully experiment at scale.

1. PROBLEMS AND OBJECTIVES
Know the areas to target for improvement. Inventory the problems and prioritize them. A great place to start would be to take a customer orientation—map the subscriber’s end-to-end journey and highlight pain points.

2. A CHAMPION
Identify an executive sponsor who will help drive company-wide support for experimentation. This person should have both the clout to drive the required change, as well as the perceived “neutrality” to allow an objective, data-driven method influence important video platform changes and subscriber experiences. If initial experimentation is likely to be platform-focused, the CTO or Head of Product might be best suited. However, as experimentation pervades departments like marketing and customer service, a CMO or Head of Customer Experience may be the most appropriate candidate.

3. THE ORGANIZATION MODEL
Where does the experimentation capability sit within the company? One size does not fit all. A streaming service should pick an approach to organizing experimentation that best matches its experimentation maturity. There are three common models—Emergent, Centralized and Democratized—and each has its pros and cons.

4. PROCESS
This entails one of the most fundamental principles that companies must decide: a clear, standardized method for designing, executing and evaluating an experiment. With this clarified and agreed upon by all teams, the volume of experiments can scale in a decentralized manner. Still, even in the most decentralized model, governance matters. When ClearHead established the experimentation strategy for a major streaming service, they accompanied the “democratized” model with a well-defined cross-functional governance committee that championed the program, prioritized experiments and enforced process standards.

5. DATA AND TOOLS
Experimentation is not only a way of building streaming products and subscriber experiences, it is a way of making decisions. Experimentation is a data-driven decision method. As everything is put to the test, decisions are not simply left up to an executive’s judgment. For this to work, the data collected to measure a test must be readily available and reliable. Similarly, experimentation tooling is critical in order to set up tests easily, select and target subscriber segments and collect test results. There are three main options for tooling—commercial, open source and custom—with pros and cons for each.
Accenture’s ClearHead was engaged to define a clear strategy for establishing a culture of experimentation, including the organizational model, the process and governance, the data and tooling approach as well as an implementation roadmap. Over a 12-week period, the Accenture team conducted 67 interviews across all major departments at the streaming services, in order to compile and prioritize a set of problems and experiments that have become the focus of their efforts to attract and retain new subscribers in an increasingly competitive streaming service market.
GETTING STARTED

Experimentation offers streaming services the best way to maximize the changes of developing and delivering a constantly refreshed and relevant experience that will keep consumers coming back for more. So how should those new to the concept get started?
To get started, here are four key steps:

1. MAP THE USER JOURNEY
   Take a holistic view of the user journey on the platform—from promotional ad to landing page to download and enrollment, through content discovery and viewing. Start to map the pain points, competitive deficiencies and opportunities for improving personalization.

2. BECOME OUTCOME-DRIVEN
   Based on the experience of launching and operating 25+ video streaming businesses around the world, Accenture recommends that streaming service operators implement a “value-driven engineering model.” This integrates business KPIs into platform enhancement decisions in order to maximize ROI and “velocity to value”.

   This approach helped multinational streaming services like HotStar and the BBC to release new features faster, which led to subscribers consuming more content and spending more time on their platforms. This approach will help a streaming platform develop a keener sense of which enhancements—across all functions, not simply product engineering—and which experimentations to consider first.

3. FIND THE CHAMPION
   Identifying an internal champion to endorse, shape and promote the fledging experimentation organization is critical. Ideally, that person should have some history or past success with experimentation, or should clearly grasp the opportunity to use experimentation to better compete in a world of liquid expectations.

4. ASSESS READINESS
   Most streaming service user experience and product teams have done some form of A/B testing. However, experimentation is a new way of working. Review the five key components listed above and measure the extent to which they are valued today and ready to support scaling of experimentation volume.

In the battle to acquire and retain streaming subscribers, companies can differentiate and win on experience. Adopting a culture of experimentation can help companies rapidly and continuously evolve the experience they offer to stay ahead of the competition. In an increasingly crowded field, experimentation is the best route to help companies move to the head of the pack.
For more information or to discuss how experimentation can help your video streaming service more rapidly enhance its subscriber experience, contact Accenture’s Media & Entertainment Practice or Accenture’s ClearHead agency, using the contact information below.

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