



WHITE PAPER

Five Keys to Delivering a Personalized Viewing Experience

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Gaining Share in the Shifting Subscription Landscape

The subscription economy is booming, and media and entertainment giants are steering the change. Even as Disney and Apple prepare to enter the market with premium offerings alongside direct-to-consumer platforms from HBO Max, NBCUniversal, BritBox and Quibi, the global subscription-based video on-demand (SVOD) business still has room for further growth [per Ampere Analysis].¹

It's no coincidence that pay TV service viewership continues to decline as more consumers prefer to curate their own content packages by stacking subscription services and watching video content on social media.² Yet the very same forces that are driving the SVOD non-linear phenomenon risk undermining its success.

According to Ampere Analysis, consumers are more empowered than ever to sign on and cancel services with churn as high as 20% (even for Netflix)³. With the proliferation of services and fragmentation of content they love, consumers will become more frustrated and fatigued by choice and availability. The vast majority of households will likely have a limited budget for over-the-top services (OTT), and as such, every single service is fighting for its share. Today's SVOD providers must work harder than ever to offer an exemplary level of service quality coupled with relevant content to encourage customer loyalty.

Pay TV and SVOD are not mutually exclusive. Sky, for example, runs standalone SVOD Now TV. A key strategy for SVOD is to partner with pay TV operators that offer existing subscriber relationships for SVODs to build market share. Pay TV operators, on the other hand, have an opportunity to retain customers by giving them what they want: namely the ability to access key apps within a unified experience that easily allows them to filter through all the aggregated content catalogs.

Content and media service providers need to find creative ways to gain a share of viewing time. The good news is that they have the tools to more deeply understand and build dialogue with nuanced and niche audience segments. The businesses that can adapt and develop the technology solutions necessary to provide a great customer experience stand the best chance of capturing significant market share in the intensifying distribution landscape.

¹ <https://advanced-television.com/2019/07/11/analysis-global-svod-subs-rise-and-still-room-for-growth/>

² <https://technology.ihs.com/613493/cross-platform-television-viewing-time-report-2019>

³ <https://www.rapidtvnews.com/2018071252784/netflix-s-cost-of-adding-new-domestic-subs-hits-triple-figures.html#axzz5yYvqWG00>

A Five Point Checklist for Success

Although personalization in some form has been a central concern for customer experience and marketing teams for years, many organizations still struggle to implement their strategies as a perceived value-add by customers. According to a recent survey, 62% of customers expect companies to adapt based on their actions and behavior, but only 47% feel that companies do this.⁴ With high customer churn, huge competition and masses of content available across platforms, personalization is imperative in creating differentiated experiences between services.

Keeping subscribers engaged, inspired and satisfied means having a solid foundation to open opportunities for future experimentation of personalized, unique services.

1. GIVE USERS THE TOOLS TO 'MAKE IT THEIR OWN'

An experience that *feels* personal will inherently have a competitive edge. Users appreciate the relevance of content targeted to their tastes and a platform that shows the service provider understands them. Personalization is in part fueled by a system already in use – giving users a higher degree of control over the inputs to that system will ‘prime the pump’ and yield greater output. The right amount of control over a system provides the user with an ownership stake in the experience, encouraging more refined and qualitative interactions. The greater the personal investment in the experience, the greater the loyalty.

Well-executed customization also increases the chances of forming habits or routine-based consumption, where the user starts to regularly interact with a product almost instinctively. When developing an entertainment platform or media service, think about the behaviors of your customers. Which app do they look at when they first wake up, over morning coffee, riding public transportation to work, and during their lunch break? These micro moments are key battlegrounds in the war for being top-of-mind and present excellent opportunities to deliver personalized interactions.

2. GET TIGHTER ON DATA

Many organizations boast an expansive library of great content, but it's often not structured in an actionable way. Users might not be exposed to the most relevant and timely content that could be the most engaging to them. Using the right metrics and data to improve your messaging, service, pricing and content library can deepen user engagement.

There are three parts to this equation: creating a unique profile for each user, enhancing the quality of metadata associated with each asset in the catalog, and building the right logic to connect the profile and metadata in a meaningful way.

⁴ <https://www.salesforce.com/form/pdf/state-of-the-connected-customer-3rd-edition/?d=sfdc-redirect-91&internal=true>

A Five Point Checklist for Success (Cont.)

UNIQUE PROFILING

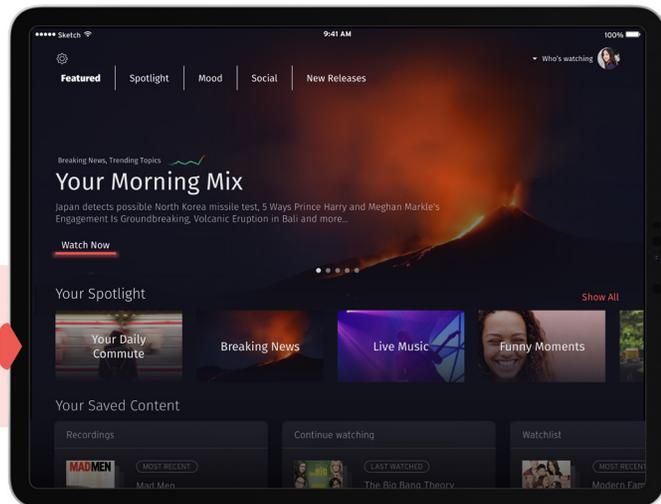
Many families share hardware, like a set-top box (STB) or subscription package, so a user profile should be viewer-centric not account-centric. By focusing on individual users rather than entire families, STBs or household accounts, a unique affinity profile can be built over time that addresses the following parameters:

Device & Physical Context:

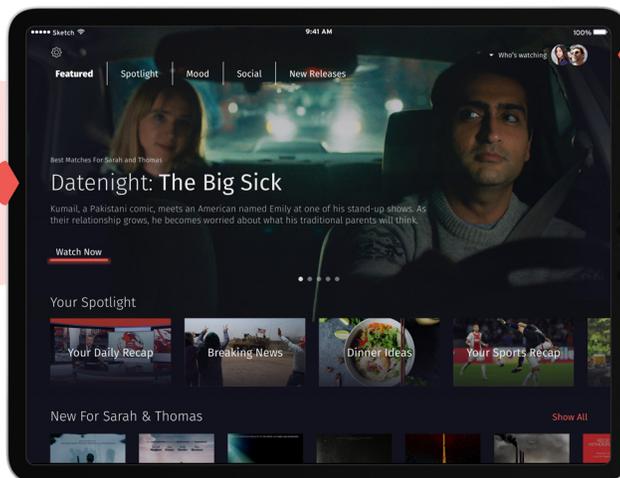
What device am I currently using? Am I at home or on-the-go?

Session Time: How much time do I have right now? Does it make sense to start a longer episode or movie or do I need something quick and easily digestible?

Learn individual user behavior and offer content based on their current context



Surface more personalized content categorizations by understanding who's watching together



Adapt recommendations based on profiles

Social: Who do I usually watch with? Can our preferences be cross-referenced? Can a social theme be identified, like date night?

Behavioral: What do I usually watch right now? What viewing anomalies can be determined? What can be inferred from my search queries?

A Five Point Checklist for Success (Cont.)

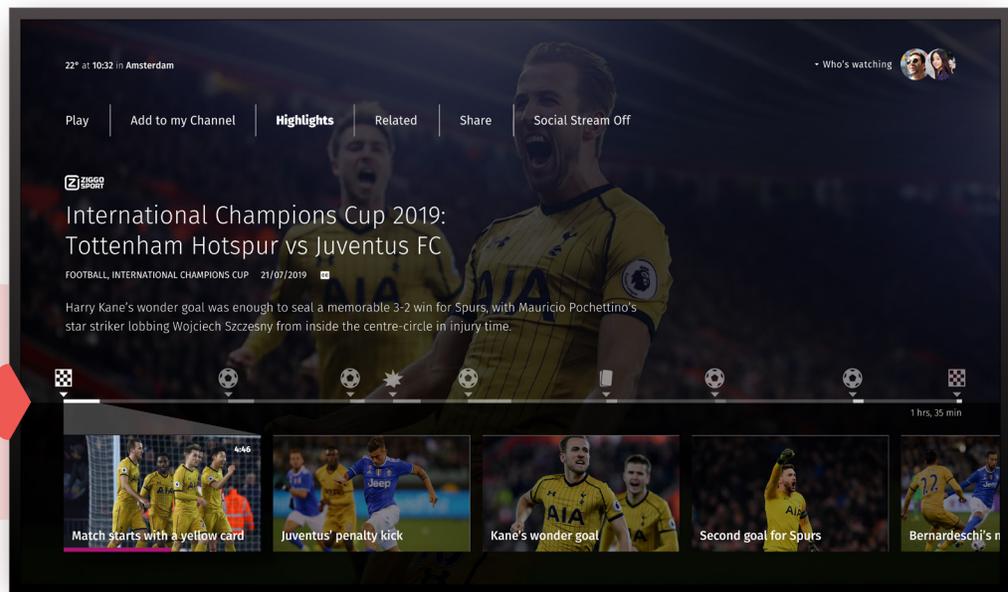
DEEP CONTENT TAGGING & EVIDENCE-BASED CONTENT ASSOCIATIONS

Great content often lacks semantic meaning or even the basic tagging to make it findable. In theory, there's really no limit to the extent to which content can be tagged, categorized and cataloged but certain foundational benchmarks should be followed, including:

- **Is your long-form content incrementally indexed?**

For example, can the system generate and provide timestamps for each goal in a sporting event?

Tag and segment long form content to enable more **creativity and personalization** in the way it's displayed to end users



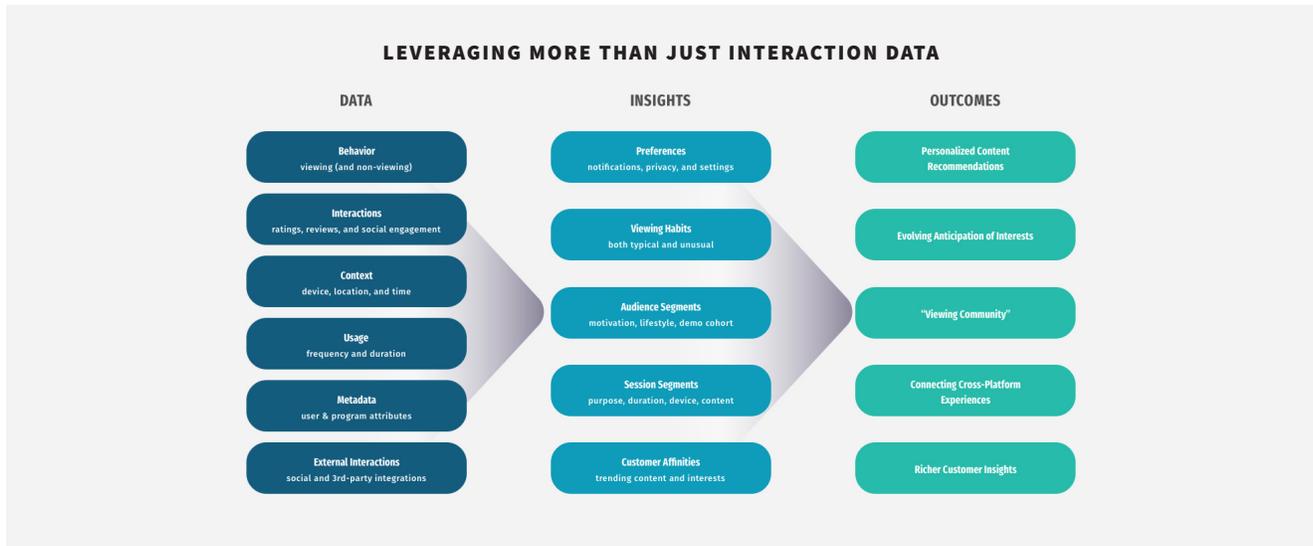
- **How complex are your categories or genres?**

Can genres be broken down, such as breaking down dramas into independent dramas and further into critically acclaimed independent dramas? These categories do not need to be visible to users. For example, Netflix hides many layers of categorization behind the scenes.

- **Can the system support conversational queries?**

For example, asking the platform a question like “what’s the Oscar-winning movie with Brad Pitt?”

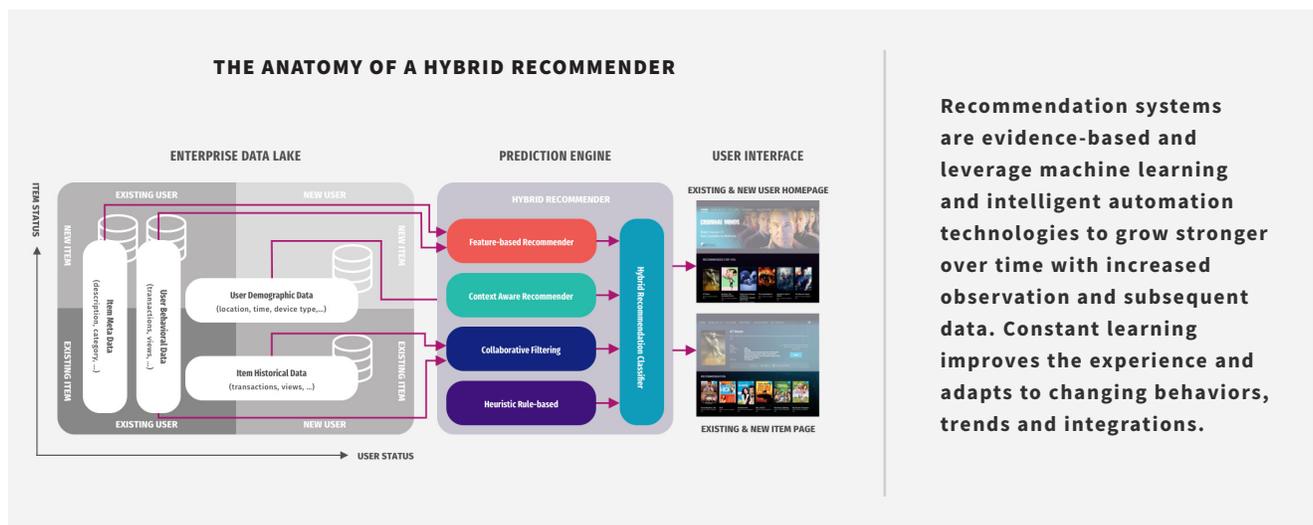
A Five Point Checklist for Success (Cont.)



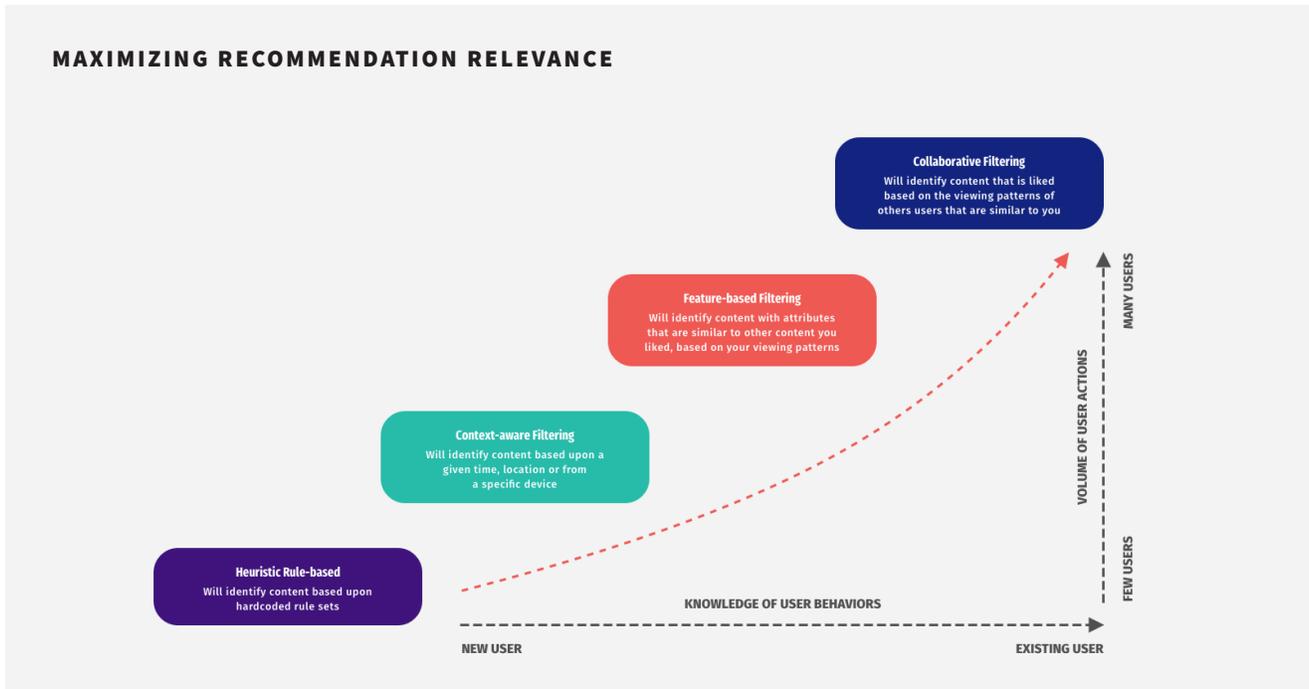
A HYBRID RECOMMENDER

The value of a personalized service is in the ability to activate actionable content in real-time that either reacts or anticipates a consumer's needs. To achieve this, hybrid recommendation systems utilize many different algorithms interchangeably, using a classifier to choose the right algorithm based on a given scenario or context.

For example, knowing a customer's preference for sports, and an upcoming major sports event that the provider does not have rights to, might trigger a recommendation of offers for relevant sports content or vouchers for future sports content that the service will air.



A Five Point Checklist for Success (Cont.)



Hybrid recommenders not only benefit the consumer, but also the service provider in several ways:

USER BENEFITS	SERVICE PROVIDER BENEFITS
<p>RELEVANT, PERSONALIZED RECOMMENDATIONS AT EVERY TOUCHPOINT</p>	<p>INCREASED USER RETENTION AS SATISFIED CUSTOMERS BECOME BRAND ADVOCATES AND NEW USERS JOIN BY WORD-OF-MOUTH</p>
<p>DISCOVERY OF NEW, RELEVANT CONTENT</p>	<p>AVOIDED DATA SILOS THROUGH TEAM INVOLVEMENT AT EVERY STAGE OF THE PROJECT</p>
<p>GREATER ENTERTAINMENT VALUE, LEADING TO MORE ENGAGEMENT</p>	<p>DEEPER INSIGHTS INTO USER BEHAVIOR WITH DATA KEPT IN-HOUSE</p>
	<p>FLEXIBLE & CUSTOMIZED SOLUTIONS TAILORED TO SPECIFIC BUSINESS NEEDS</p>

A Five Point Checklist for Success (Cont.)

3. CREATE A TWO-WAY CONVERSATION WITH CUSTOMERS

These best practices that rely on data and analytics fail without customer trust in an organization's ability to securely and effectively use their personal data. As the adage goes, "trust takes years to build, seconds to break, and forever to repair."

The best way for service providers to engender trust in data collection is to prioritize transparency and demonstrate data-driven value early and often. People want to feel like their data is being used effectively, and that it's worth the risk and vulnerability they've conceded. This requires CX and marketing teams to coordinate more closely with data science teams on a communications strategy, building an evolving dialogue with individual customers that demonstrates that you've taken their feedback with every previous interaction and made changes accordingly.

Consider the following tips for developing a two-way dialogue with customers:

- **Appropriately timed communication** can make a measurable impact on engagement. By using behavioral insights and intent data, seemingly serendipitous messages can be presented overtly or subtly throughout the experience.
- **Take hints from user interaction** to implement direct messaging and make iterative adjustments. Understand how much communication is too much. Just like in-person interactions, everyone reacts differently to messaging content and cadence. Algorithms can be applied to respond to signs of negative engagement with automated messaging.
- **Dynamic imagery** can be generated for key titles according to an individual's persona and replaced based on user insights. This adds a uniqueness to the experience that users won't outwardly notice, but the effectiveness of this personalization tactic can be validated by their actions. For example, Netflix saw an increase in clickthrough rates to player rates by switching between cover art for original series based on user data.⁵

⁵ <https://medium.com/netflix-techblog/artwork-personalization-c589f074ad76>

A Five Point Checklist for Success (Cont.)

4. BUILD COMMUNITIES & INSPIRE FANBASES

At the heart of viewing trends, there's a common conundrum. On one hand, as consumers we desire personalized experiences that talk to us as individuals. On the other hand, we remain social, communal beings, naturally wanting to connect and share our experiences with others.

The challenge and opportunity for media service providers is to balance the two so that the individual's need for tailored content does not disconnect them with friends, family and wider audiences. Content providers can cultivate deeper, personalized connections with both individuals and audiences by building virtual social relationships around content in the following ways:

FAN COMMUNITIES

Providing an authentic community platform can encourage fans to generate their own buzz around a series and bring in a more organic, human recommendation sources.

SOCIAL PROOFING

The need to feel "in the know" about popular content heavily drives decisions over where to find the next show to watch. Offering social proofing mechanisms in-platform builds trust in a given service and demonstrates the value of trading personal data for the benefit of a more relevant experience.

AUTHORITATIVE THIRD-PARTY SOURCES:

Consumers place a lot of trust in rating sources, such as IMDB, Rotten Tomatoes or CommonSense. Industry awards are also an excellent way of credentialing content, like the SAG awards, Oscars or Golden Globes.

ELEVATE EXPERT 'CURATORS':

People that appear as 'experts' are believed to have a trustworthy opinion on the given subject. Flagging specific content to relevant social media influencers will amplify a campaign.

HIGHLIGHT THE WISDOM OF CROWDS:

By tagging or bucketing content based on mass consumption patterns, users can feel connected to more global or regional trends.

USE REAL-WORLD RELATIONSHIPS:

By pulling in social network data, consumers can see which content their trusted connections enjoy, in turn, boosting your recommendation credibility.

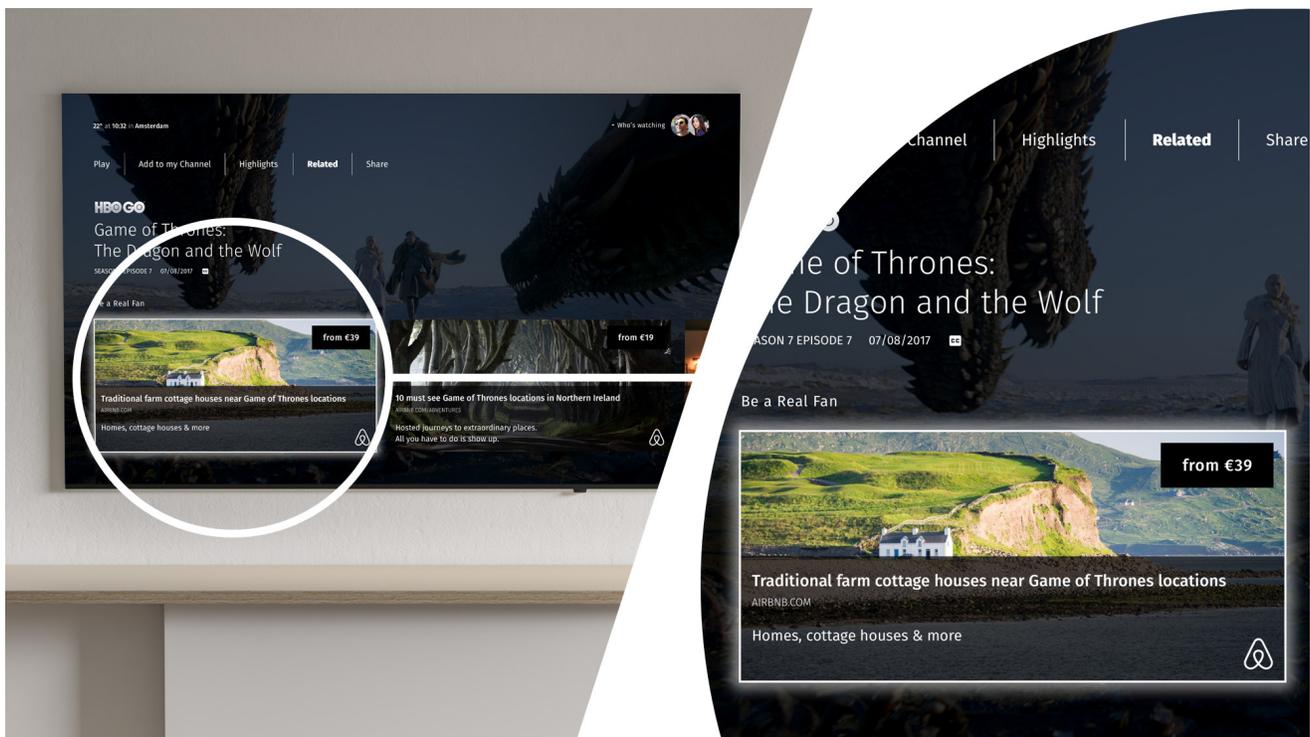
A Five Point Checklist for Success (Cont.)

5. LOOK FOR VALUE-ADD OPPORTUNITIES

It's easy to overlook how quickly a user might switch between apps or services but this trend presents an excellent opportunity for implementing surprise features that consumers will appreciate and remember. Building these value-add opportunities opens new possibilities for partnerships and creative revenue streams. Here are some examples of how companies can leverage this functionality:

TV TOURISM

The popular HBO series Game of Thrones gained a reputation for its stunning scenery, sparking a trend in fans vacationing to places, like Croatia and Northern Ireland, to see the filming locations in person. Presenting users with filming locations for a movie or series, and even integrating AirBnB options in the location, increases engagement with the film or series, while going one step deeper within the travel purchase funnel.



A Five Point Checklist for Success (Cont.)

SEND THIS SOUNDTRACK TO MY SPOTIFY

Production teams take great care in crafting the perfect sound and music in film scoring. An amazing feature in the viewing experience could be to dynamically generate the soundtrack as a playlist in Spotify for the user.

BUY THIS OUTFIT

When you watch something on TV, there are many products and services, people and places, history and trivia that are not being catalogued. Imagine seeing an actor's wardrobe and being able to seamlessly add that outfit to a shopping cart. Amazon has already begun to experiment in this space with their X-Ray feature on Prime Video.

SEND ME THE INGREDIENTS TO THIS RECIPE

Media providers also have an opportunity to make localized cross-channel connections for people in ways that enhance basic wellbeing and encourage lifestyle improvements. For example, you could watch a healthy cooking show, add the ingredients to a shopping cart for a grocery delivery service and then receive the recipe instructions via text on your mobile device.

SHOW ME MORE RELEVANT ADS

In a similar vein, you can imagine a near-future example of hyper-targeted advertising, where commercials are replaced by more relevant products or services instead of being served based on audience segmentation. If a user must watch an ad, isn't it more enjoyable if the ad is at least relevant to them?



Measuring the Success of Personalization

In addition to the traditional measurements of industry success, such as net promoter score (NPS), churn or overall engagement time per user, more finely tuned KPIs can provide better direction either at the feature level, giving product teams insights for iteration, or at a content level, giving the business an understanding of how certain content should be weighted or leveraged, such as:



VALUED HOURS

Netflix uses this metric to account for the share of viewing time they own on a per-user level, and applying this metric against the shows in a user's viewing history.⁴ For example, if a user is only visiting Netflix to watch a single series, it can be inferred that this series is important enough to justify the entire subscription cost, and therefore should be considered more valuable to the service.



MITIGATION OF ANALYSIS PARALYSIS

Hick's law essentially states that decision-making time increases with the number of choices presented. Cognitive load for a single user can be quickly strained, and this problem can multiply with additional viewers all weighing in. Measuring time-to-player (how long it takes a user to start watching something) can offer valuable insight into the effectiveness of algorithms or the messaging around content.



SET-AND-FORGET WITH CONFIDENCE

"Binging" on a series is an obvious indication of the value of a single unified collection of content. But by improving the interaction and measuring the success rate of auto-play recommendations between different assets, you keep viewers during this more uncertain time. This becomes especially interesting when the person choosing the content is different from the person viewing it, such as a mother entertaining her kids while preparing dinner.

⁴ <https://www.businessinsider.com/netflixs-most-important-metric-2016-2?international=true&r=US&IR=T>

Keeping the Edge in the Media Arms Race

As production costs of content continue to rise, media companies must increase revenue and incentivize retention if they are to continue to grow their subscriber base year-over-year. But having great content and a seamless platform is no longer enough to keep customers truly entertained and engaged. Personalization, curation and ease of discovery should be considered as much a part of the driving force of a competing media provider as the content itself.

A unifying service that enables search, discovery, personalized recommendations and continued innovation in the user experience requires a strong technology team but is not a function of technology alone. The design, implementation and optimization of the UX also demands the expert ability to help content distributors build a deeper dialogue with individual customers.

Media and entertainment companies have it within their grasp to truly 'get to know' their customers and create a digital experience that meets their needs, negates their pain points and creates a more human touch to the digital world.



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