nrg | originals IQ

Navigating a New Era of Streaming

When he accepted his Oscar for *Oppenheimer*, Christopher Nolan took the opportunity to remind us all just how new the medium of filmmaking is within the arc of history. “Imagine being there 100 years into painting or theater,” he remarked. “We don’t know where this incredible journey is going from here.”[1]

If filmmaking is still a young medium, then what does that say about streaming? While they may have become the go-to way we consume films and TV shows, on-demand content platforms are still, within the grand scheme of things, a brand new technology. It’s been less than two decades since Netflix launched its on-demand service and ushered in the birth of the streaming industry as we know it today. In that time, we’ve already seen the industry reinvent and reimagine itself on multiple separate occasions.

The past five years were defined by the so-called “streaming wars”—a period in which new services were launching with dizzying frequency, and platforms were willing to throw around staggering amounts of money in search of the next big streaming original.

Recently, however, it’s become clear that the industry has entered a new phase of maturity. No longer an alternative to cable and network television, streaming is the default now. And as the market reaches saturation, providers have begun to move away from a laser-like focus on user acquisition in favor of prioritizing retention, efficiency, and profitability.[2]

This transition to a new era for the industry will inevitably bring with it a new set of challenges and opportunities for platforms. How can streaming services stand out from the crowd in an increasingly crowded marketplace? And what leading indicators should they be paying attention to if they want to effectively optimize for growth and respond to users’ needs?

In this paper, we set out to answer those questions. Using data from **Originals IQ**, our market-leading streaming tracker, we’ll unpack the key trends that will shape this new era of streaming—and identify the metrics that platforms will need to prioritize to develop effective growth strategies for this new environment.

IN THIS PAPER, YOU'LL FIND...

01

The defining features of the steaming industry's fourth era

02

The key metrics that can help streaming platforms understand their position within the market and identify growth opportunities

03

The formula for generating sustained audience growth in today’s streaming landscape

[1] Aaron Couch, “[Oscars: ‘Oppenheimer’ Best Picture Win Ends Drought for Christopher Nolan](),” The Hollywood Reporter, March 10th, 2024
[2] “[TMT Predictions 2024](),” Deloitte Insights

Almost two decades after its inception, the streaming industry is entering a new chapter

At a macro level, the history of the streaming industry can be divided into three distinct eras—each lasting approximately five to six years.

The genesis of the industry traces back to 2007, when Netflix launched its on-demand video service to supplement its existing DVD rental business. In those early days, streaming platforms were seen as, primarily, an alternative to the DVD rental industry dominated by the likes of Blockbuster and Redbox—although Netflix's licensing of *Breaking Bad* in 2010, and the subsequent revival of interest in the show at a time where AMC had been threatening to cancel it, provided the first indications of the true potential of this nascent industry.

2013 marked a major shift in the business model of streaming platforms with the release of Netflix's first slate of original programming. Shows like *House of Cards* and *Orange Is The New Black* proved that it was possible to create broadcast-quality television outside of the industry's traditional production and distribution models. The gauntlet had been thrown; having won their battle against Blockbuster, Netflix and its nascent competitors were ready to position themselves as true alternatives to cable television.

In 2019, the contours of the industry shifted yet again. Now that early entrants such as Netflix, Hulu, and Amazon had demonstrated the commercial value of this new medium, the stage was set for the streaming wars to begin in earnest. Within a span of just nine months, Apple, Disney, NBCUniversal, and HBO (then part of WarnerMedia) all launched their own on-demand services to compete with the existing players. Consumers were quick to take advantage of these new options—to the point where, by 2023, streaming had supplanted cable as the dominant form of TV consumption in the United States.[3]

Now, in 2024, we stand on the cusp of yet another chapter in this industry's history. The streaming wars, according to analysts, are coming to an end.[4] No longer scrappy underdogs, the major streaming services are now core components of American—and global—media and entertainment infrastructure. So, the question becomes: how can these services effectively navigate this new era? And what are the key priorities that will define this latest status quo?

[3] Rob Wile, "Streaming has surpassed cable as America's most-watched viewing platform," NBC News, July 20th, 2023
[4] A.A. Dowd, "The Year Netflix Ended the Streaming Wars," The Ringer, December 14th, 2023

Streaming: the evolution of an industry

FIRST ERA

BIRTH OF AN INDUSTRY

2007-2012

Streaming first establishes itself as an alternative to linear TV.

Netflix builds an early monopoly over the streaming landscape, with only Hulu as a serious competitor in the US until Amazon moves into the market.

SECOND ERA

EXPERIMENTATION AND DISRUPTION

2013-2018

Streaming services make their first forays into original content.

Free ad-supported streaming television (FAST) services such as Pluto TV and The Roku Channel emerge as an alternative to the subscription model of Netflix, Amazon, and Hulu.

Some services begin experimenting with live sports.

THIRD ERA

THE STREAMING WARS BEGIN

2019-2023

Competition intensifies as Apple, Disney, HBO, and NBCUniversal launch services.

Pre-existing services shift out of user aquisition mode in search of profitability, exploring new revenue models and new pricing options.

Streaming becomes the dominant form of media consumption in the US.

The business model of the film and TV industry reorients itself around streaming, creating tensions that ultimately lead to strike action.

FOURTH ERA

2024-ONWARDS

For movies and TV shows alike, streaming is now the default mode of content consumption

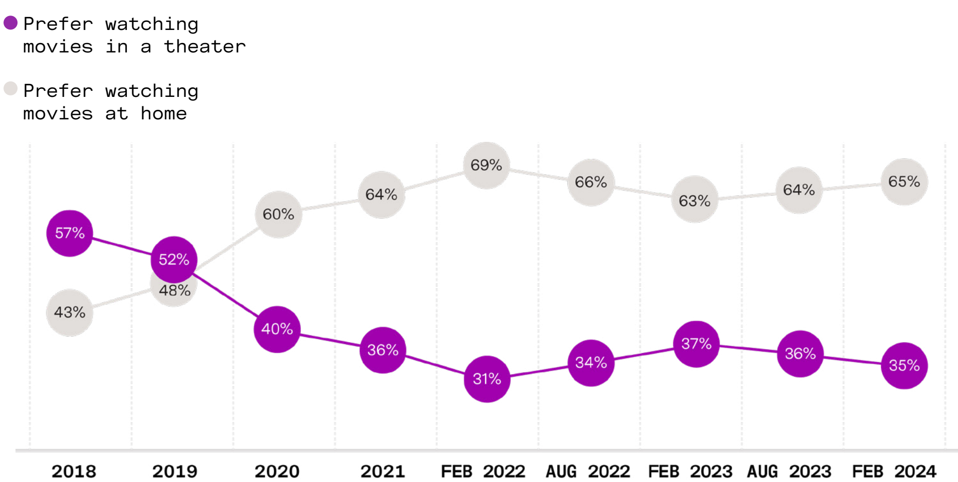
The transition into the fourth era of the streaming industry has been marked by a shift in the types of questions that consumers are asking themselves. For the average American, it's no longer a question of "Should I watch content on streaming or not?" Rather, they're asking themselves, "*Which* streaming platform should I be watching?"

Even before COVID, streaming was close to eclipsing in-theater viewing as Americans' preferred way to watch movies; since the pandemic, a stable two-thirds of consumers have reported they prefer watching movies on the small screen. In 2019, the average American moviegoer saw 5.9 new releases in cinemas per year. By late 2023, that number had dropped to just 4.2—demonstrating the extent to which the convenience of streaming has raised the bar for what it takes to get viewers out of the house and into a theater.

Likewise for TV, the sheer convenience of on-demand viewing now clearly outweighs whatever residual loyalty viewers had for linear broadcasters: streaming platforms are now viewers' preferred choice for *all* scripted TV genres. Streaming platforms are particularly trusted to deliver on big spectacle genres such as fantasy, horror, and comic book adaptations—with live action children's programming being essentially the only remaining scripted genre where there is genuine competition between distribution models.

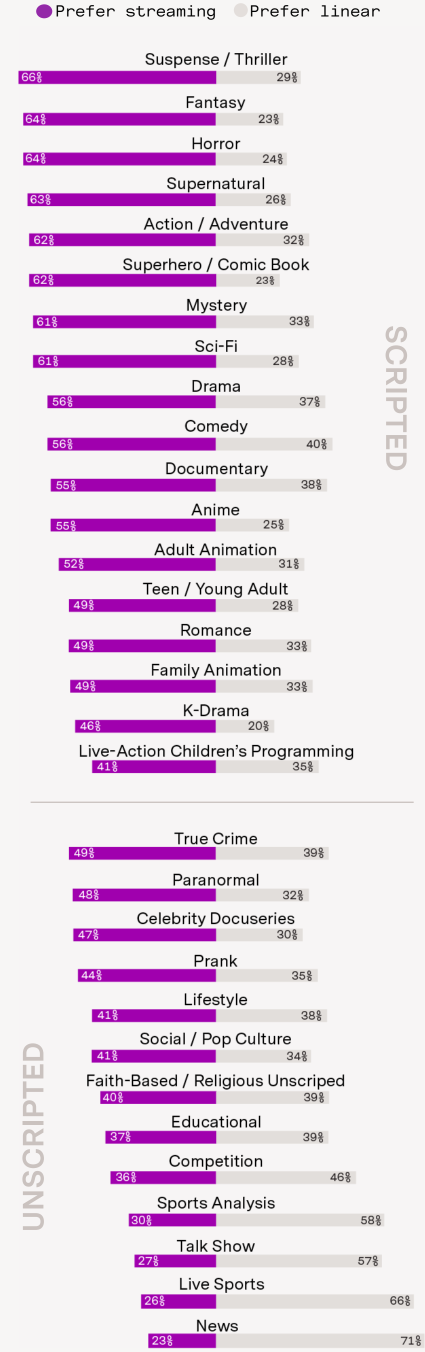
Unscripted content has, traditionally, proven to be a harder nut for streamers to crack. But even so, there are a number of unscripted genres—such as true crime, prank shows, and celebrity docuseries—where a plurality of viewers now prefer to watch content on streaming. Live sports and sports analysis are among the few remaining genres where linear TV still has a competitive advantage—a big part of the reason that, in 2023, 96 out of the top 100 most-watched telecasts in the US were sports games.[5]

Theater vs. home viewing preferences for movies



Linear vs. streaming preferences for TV genres

TV viewers who watch both linear and streaming



[5] Austin Karp, "NFL leads record year for live sports telecasts," Sports Business Journal, January 5th, 2024

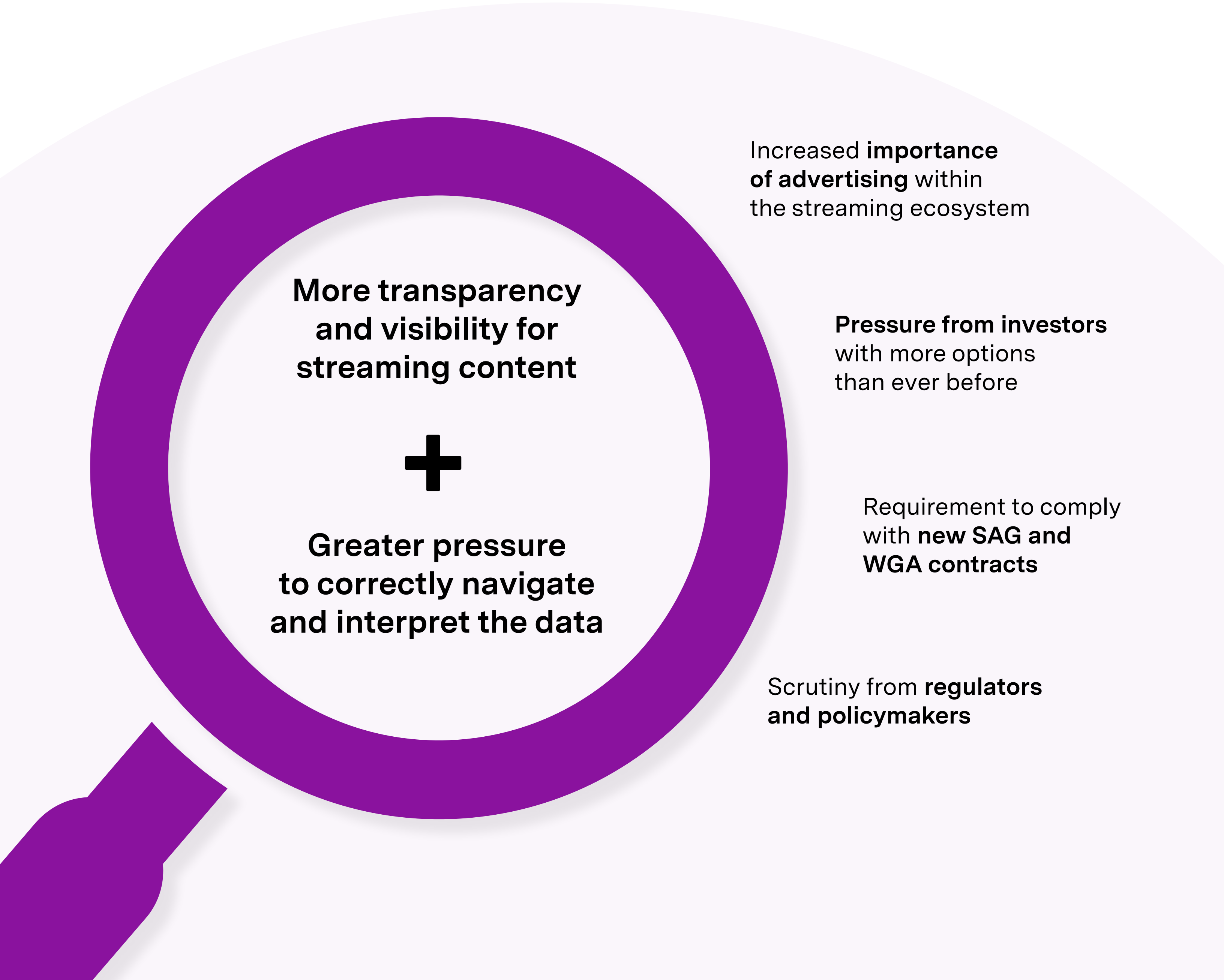
Transparency will be a defining feature of this new era of streaming

Streaming's newly secured status as the default mode of content consumption will, inevitably, create new pressures for the industry. Most notably, it will substantially increase the need for greater transparency among streaming platforms. In the fourth era of streaming, data on audience preferences, content performance, and on-platform behaviors will be more abundant than ever before—and streaming platforms will live or die based on their ability to correctly synthesize and interpret that data.

Historically, the streaming industry has been somewhat notorious for its opacity; unlike network and cable television, there were few readily-available and standardized metrics to allow cross-platform comparisons of content.[6] Now, however, that's finally starting to change.

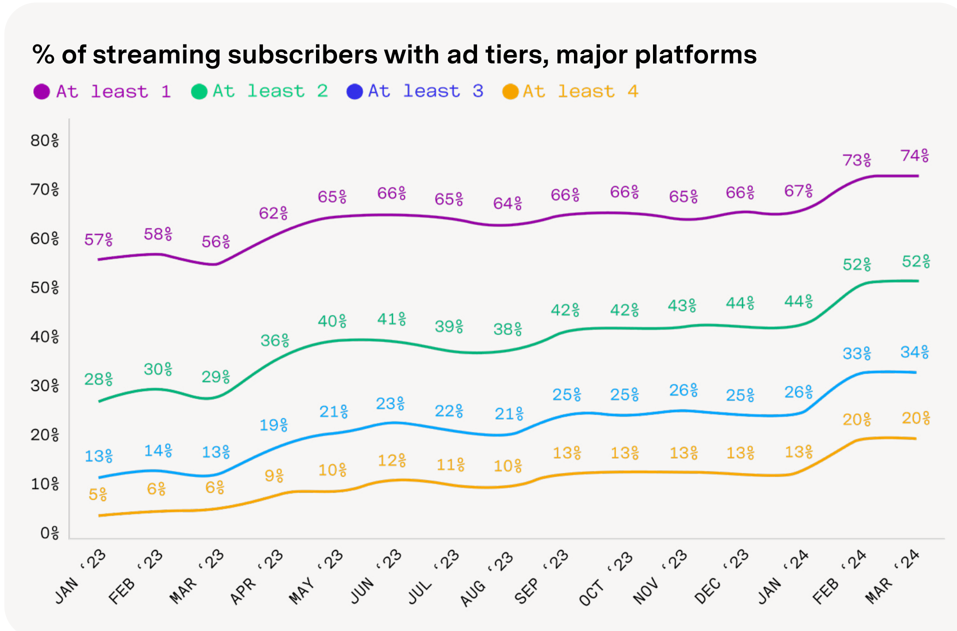
Netflix's decision at the end of 2023 to begin publishing comprehensive viewership figures for content in its library signals a major sea-change in the attitudes of streaming platforms towards their data.[7]

[6] Tatiana Siegel, Rick Porter, "Why Streamers Are Stalling on Sharing Data," The Hollywood Reporter, November 15th, 2021
[7] Rick Porter, "Netflix Takes Big Data Transparency Step, Releasing Viewing Numbers for 18,000 Titles," The Hollywood Reporter, December 12th, 2023



There are a number of different factors which have coalesced together to motivate this shift within the industry. For one thing, transparency was a major issue at stake in the recent WGA and SAG-AFTRA strikes. Under the terms of the agreement reached with the AMPTP in September, writers working on streaming shows will now begin receiving residuals linked to the success of their content—requiring streamers to share both domestic and international viewership figures for their original programming with the WGA.[8]

Outside of the US, regulators and policymakers in many countries have begun to put more direct pressure on streaming platforms to embrace new standards for transparency. In the UK, for example, major streaming platforms such as Netflix, Disney+, and Amazon Prime Video have all now become members of the national TV measurement body, Barb Audiences—meaning that viewing data for their programs will now be publicly tracked and reported on using the same methodologies that have traditionally been applied to broadcast television.[9]



Alongside these union negotiations, the business model of streaming has begun to evolve—with advertising revenue now playing an increasingly important role in funding the production of new content. Almost all of the major streaming services now offer an ad-supported membership tier,[10] and almost three quarters of streaming customers now subscribe to at least one ad-supported service.

That means that many streamers are now competing for ad revenue just as much as they are for subscribers. And to do that effectively, they're going to have to share more of their data with advertisers, making the case that their service can be the right vehicle for getting content in front of the consumers who matter to them.

And all of this is happening within the context of an industry which is more crowded and more competitive than it's ever been. The proliferation of streaming platforms that has taken place over the past five years has left today's consumers spoiled for choice. Consequently, churn has become a major concern for top tier streamers, as industry executives take on the challenge of developing data-driven strategies for holding on to customer attention and maximizing retention.

[8] Amanda Yeo, "Here's what Hollywood writers are getting in their new deal," Mashable, September 27th, 2023
[9] Omar Oakes, "Amazon Prime Video joins Barb," The Media Leader, February 28th, 2024
[10] Tim Peterson, "2024 will see the start of the ad-supported streaming war," Digiday, January 2nd, 2024

The streamers who know what to measure will be best-equipped to succeed in this new evironment

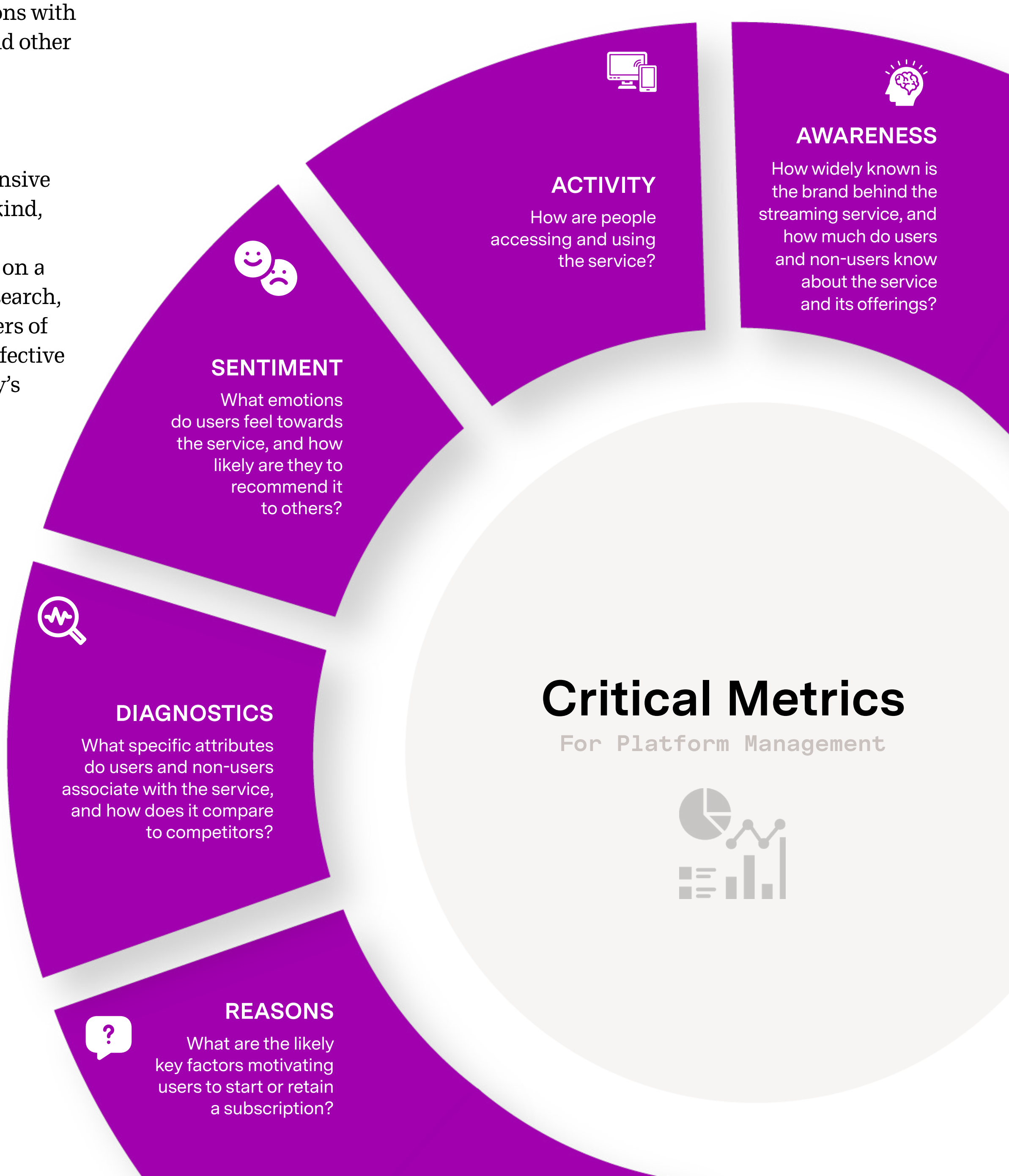
Given all of these external and internal pressures, the ability to correctly draw meaningful insights from consumer data will be a critical success factor for streaming platforms as we enter this new chapter in the industry's history. Platforms which know how to convert noise into signal will be able to develop more effective strategies for user acquisition and retention—and will also find themselves better-equipped to have meaningful conversations with talent, advertisers, investors, and other critical stakeholders.

Over the past four years, NRG has operated the **Originals IQ** program—the most comprehensive global tracking product of its kind, measuring the behaviors and opinions of streaming viewers on a weekly basis. Through this research, we have isolated five key clusters of metrics that are required for effective platform management in today's streaming environment.

To understand the factors that drive user growth and retention in the current streaming landscape, NRG aggregated over 200 weeks worth of these metrics for top tier streaming platforms. That data was then modeled against real-world subscription trends observed in credit and debit card data from over 13 million US consumers—sourced from Earnest Analytics, a leading provider of financial data—to measure the correlation between these metrics and actual subscriber acquisition and churn.

This methodology enabled us to identify the key attributes that most strongly correlate with long-term user growth for streaming platforms—as well as the underlying features of platforms that help drive these attributes. In doing so, this analysis provides a framework through which platforms can understand their unique position within the wider streaming market.

By measuring themselves against this framework, streamers can better understand their competitive strengths and weaknesses, and identify opportunities for differentiation within an industry in which it's harder than ever to stand out from the crowd.



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Securing competitive advantage in the new streaming landscape

Can take the form of...

CONTENT

- Great variety
- Quality films
- Quality series
- Originals
- Live programming
- Family content
- New content

PLATFORM

- Value for money
- User-friendly interface
- Facilitates discovery
- Shows relevant content to users
- Has strong buzz
- Avoids intrusive ads

PLATFORM IDENTITY

Each streaming service lives in a unique lane of solid strengths and weaknesses. To create competitive advantage in the modern streaming landscape, platforms will need to understand their placement within the market and the unique factors motivating customers to subscribe.

Helps to drive....

BROWSING HABIT

A majority of streamers routinely browse through their services to determine what to watch. A high placement in the browsing order is the number one indicator of success relative to competitor services.

.92 Correlation between placement in the browsing order and subscriber growth for streaming platforms

TOP OF MIND

Unprompted mention of a streaming service has a strong relationship with the service's success—mirroring the patterns of tracking titles, which are also best primed for success when they come top of mind.

.81 Correlation between unaided awareness and subscriber growth for streaming platforms

A unique sense of platform identity is crucial for driving a competitive advantage

In the early days of the streaming industry, consumers often struggled to differentiate the value propositions of the various platforms available to them. As the industry has matured, however, these different platforms have begun to settle into better-defined niches, set apart from one another in terms of the range of their content offerings and their brand associations.

Data from NRG's **Originals IQ** program suggests that viewers now have a strongly developed sense of the strengths and weaknesses of different platforms. Netflix, for example, stands out for the quality and range of their original programming; Max and Disney+ are seen as having some of the richest film libraries; while Peacock has managed to strongly associate itself with live content.

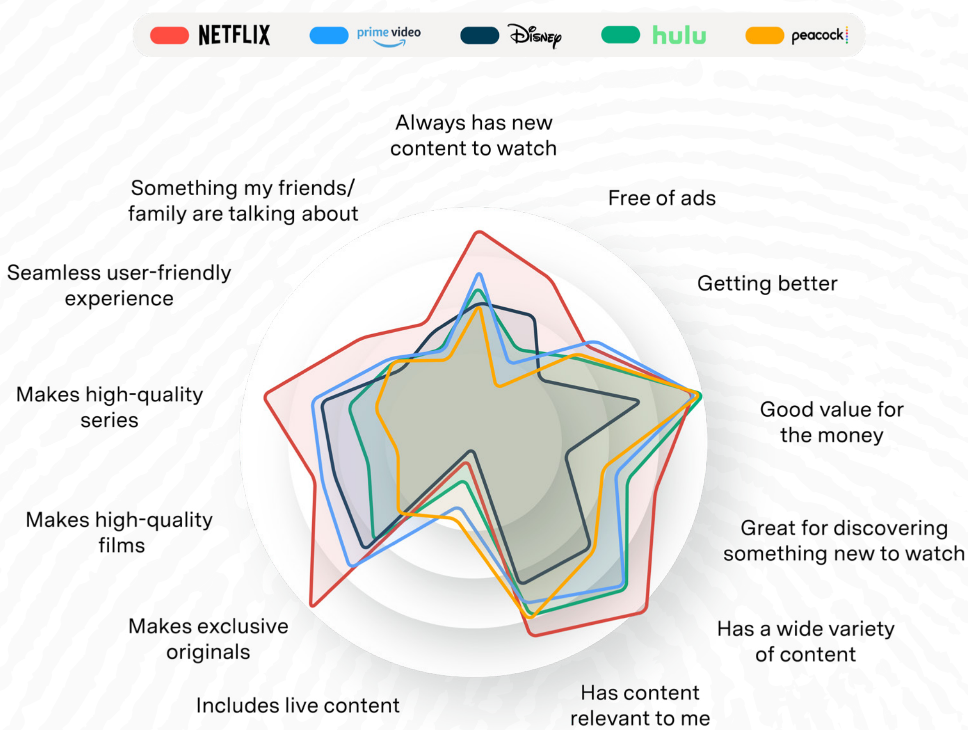
A deeper understanding of the motivating factors that drive consumers to subscribe to their services can allow streaming platforms to identify the unique "DNA" that defines their position within the market. This, in turn, can pave the way for the development of more effective user acquisition and retention strategies, while also making it easier to communicate their value-add to prospective advertisers.

In many cases, this sense of identity is rooted in the content available within a given platform, in terms of the quality, the diversity and range, or niche appeal to specific demographics and audiences. But content isn't the only tool that streaming platforms have to stand out from the crowd. The quality of the platform's interface, and its ability to put the right content in front of the right users, can also be a differentiating feature—as can the way the service markets itself to and communicates with its user base.

Whatever its source, a distinct identity is now a virtual prerequisite for driving the type of user behaviors that correlate with long-term growth. Without that sense of identity, platforms will struggle to ensure their services rank highly in customers' browsing order, or command consistently high unaided awareness among the general public.

Profiling platforms

Viewer perceptions for a selection of major streaming services



For streamers, encouraging users to develop **browsing habits** will be a top priority

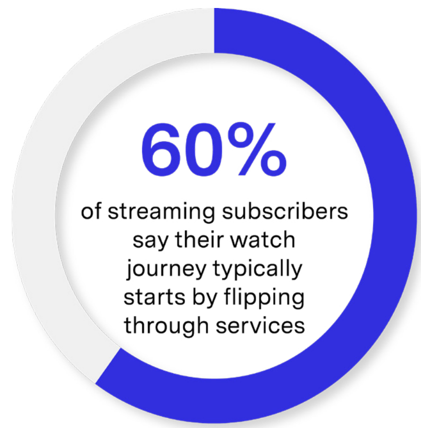
Browsing remains the default mode through which subscribers interact with streaming services. Most viewers are more likely to find content by flipping through libraries or the titles that a platform has recommended for them than by seeking out one specific movie or series.

In fact, searching for a specific title is one of the *least* common user behaviors on streaming platforms. More often, users will either continue watching shows they've already started, or browse through new releases and/or titles that have been algorithmically recommended for them. And when users do want to actively seek out new titles, they're more likely to do so by picking a genre they know they like and scrolling through the available content, instead of manually typing in the name of one specific movie or show.

Platforms that can position themselves as go-to destinations for casual browsing will, therefore, have a marked competitive advantage as we enter this new era of streaming. NRG's analysis of consumer data and spending patterns suggests that a high placement in the browsing order is the single most effective predictor of long-term user growth for streaming services.

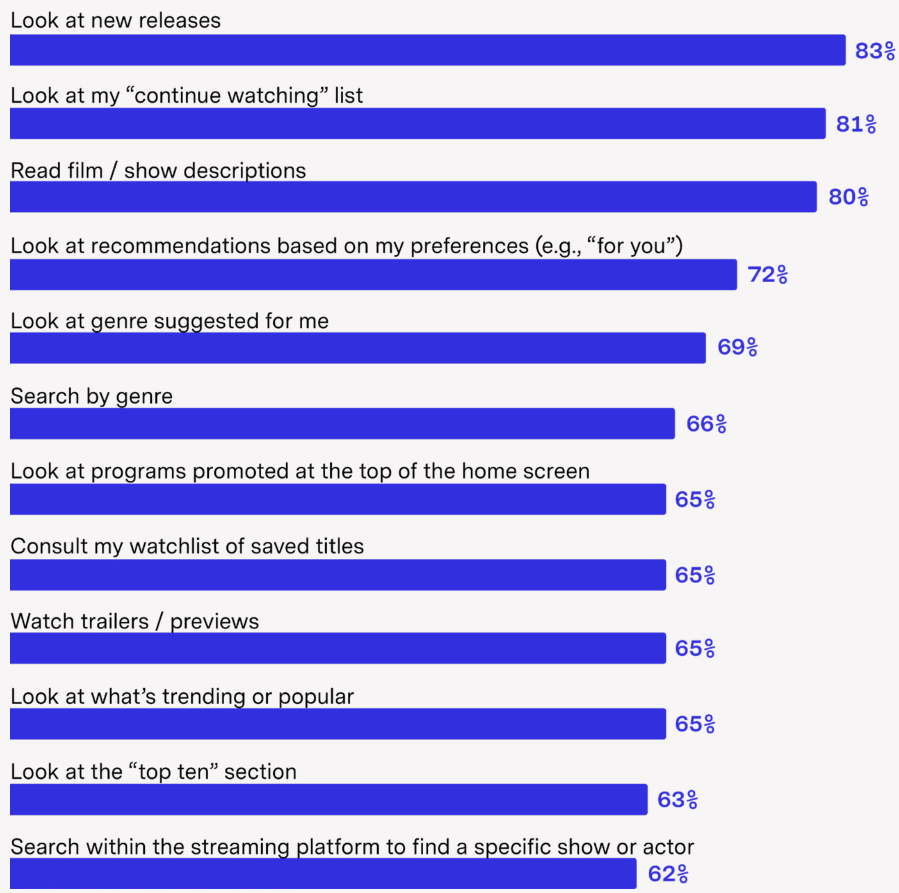
Ultimately, the act of browsing speaks to a deep emotional relationship between consumers and the services they subscribe to. When a user spends time browsing on a streaming platform, it implies a certain level of trust: "I trust that you'll have content that speaks to my interests, and that you know me well enough to make it easy for me to find that content."

Conversely, if a consumer is *only* using a given service to look up specific titles, it suggests a much more transactional relationship; those are the services that will get dropped the fastest when users need to cut back their spending or when popular shows finish airing their seasons.



User behavior when navigating streaming platforms

% of users who "always" or "often" take this action



This doesn't mean, however, that streaming platforms can simply throw content on their platforms without any marketing investment and expect that it will find an audience. While browsing may be the dominant form of content discovery, users still need to have multiple points of exposure to a piece of content before deciding to take the plunge and watch it.

On average, viewers need to be exposed to a show four times before deciding to watch it—which could include seeing it while browsing, as well as hearing about it from a friend or family member, seeing it talked about on social media, or watching a trailer.

If anything, the rise of streaming has made this sort of ambient exposure even more critical for the success of new shows; compared to linear TV viewers, streaming subscribers require more touchpoints with a show before starting to watch it. This may be a reflection of the fact that streaming subscribers skew younger and tend to be more active on social media—meaning that they're more exposed to online discourse about new releases and are more likely to be inundated with recommendations from influencers and tastemakers.

How many times viewers typically need to hear about a show before deciding to watch it

(Whether through a friend, an advertisement, came across it while browsing, etc.)

4x

STREAMING: 4.3

LINEAR: 3.9

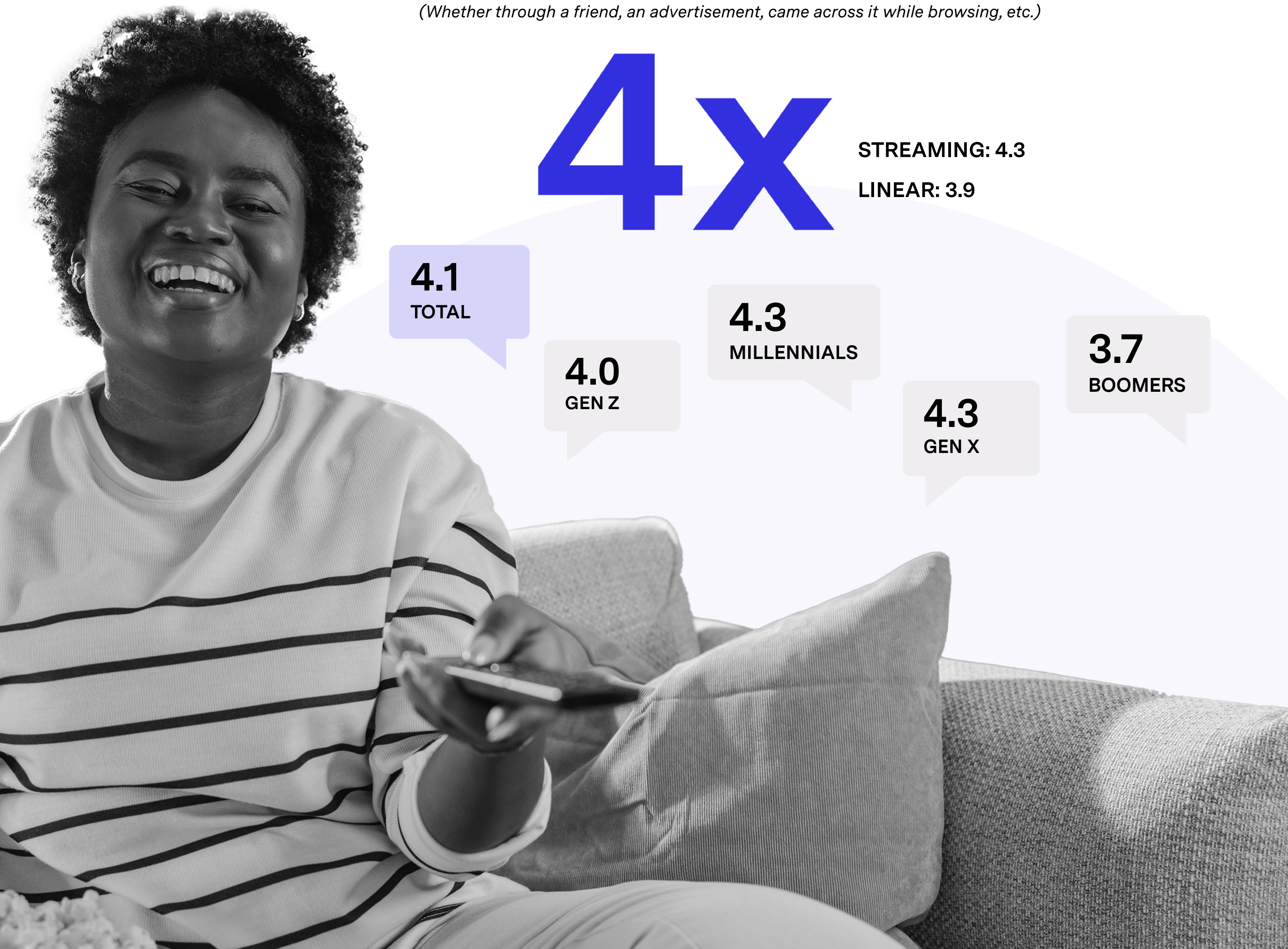
4.1 TOTAL

4.0 GEN Z

4.3 MILLENNIALS

4.3 GEN X

3.7 BOOMERS



Platforms will need to explore new strategies to remain top of mind in a more crowded market

Alongside placement in the browsing order, unaided awareness—i.e., the ability for consumers to recall a brand without prompting—is another highly effective early indicator for the performance of streaming services.

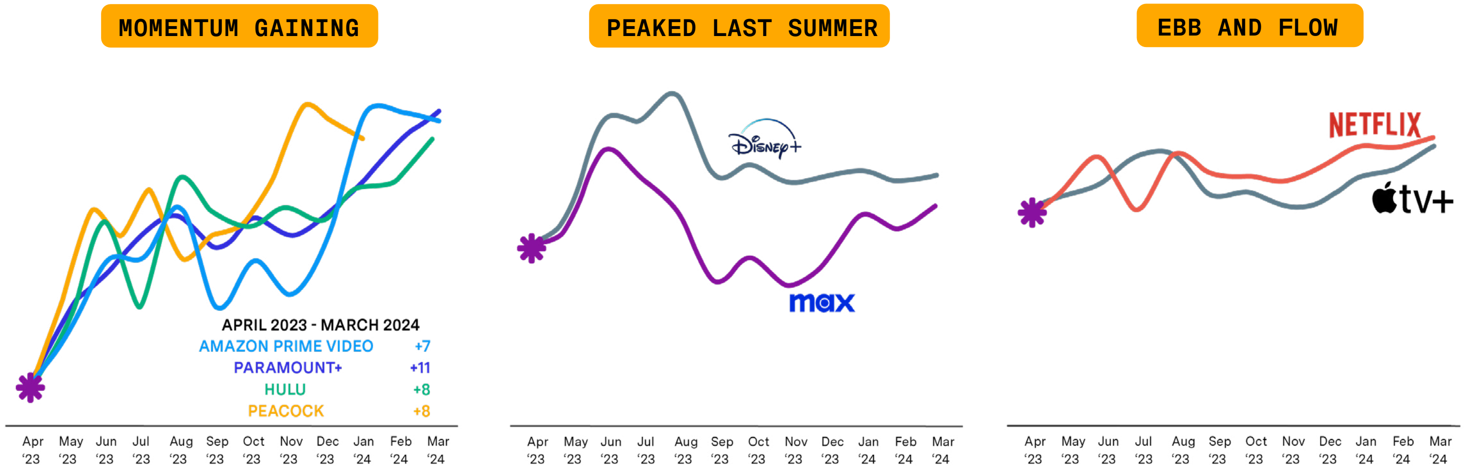
This is particularly true for newer streaming platforms and those that are still in the early stages of their growth trajectories; services looking to gain a foothold in this market need to be able to position themselves at the forefront of the cultural conversation among the viewing public.

Over the past twelve months, unaided awareness for the major streaming services has largely strengthened, with some natural peaks and troughs along the way around the timing of major releases.

That growth, however, has been most consistent for platforms with a deep bench of sports coverage and other live programming, such as Amazon Prime Video, Paramount+, Hulu, and Peacock. By investing in live broadcasts, streaming services can help themselves stay top of mind among consumers even outside of their marquee release windows—one reason that live sports has emerged as a major new frontier in the streaming wars.[11]

Awareness trajectories for major streaming services

Data for all streaming services scaled to the same starting point to highlight growth patterns; placement does not reflect absolute levels of awareness



11 "Live sports: The next frontier in the streaming wars?" NRG, April 24th, 2022

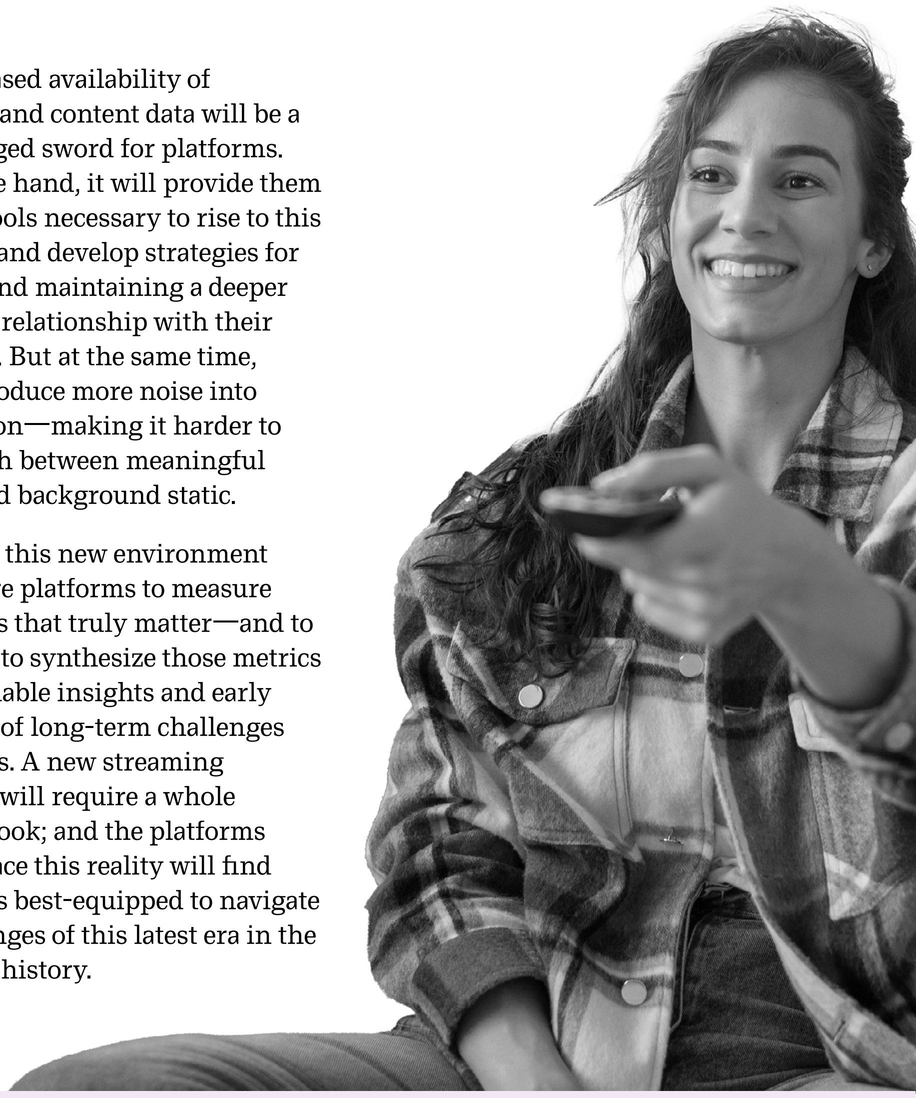
In this new era for streaming, platforms will need to make themselves essential

The streaming wars have taken many different forms over the years. What started out as a race for growth and expansion soon became a competition for talent deals and licenses—before eventually morphing yet again into a drive for efficiency and profit.

Now, as we enter the fourth era of the streaming industry, a new race has begun to take shape: a race to become *truly essential*. Consumers have more options to choose from than ever before—both in terms of the range of services on the market and the number of pricing tiers available within each of those services. To retain subscribers, therefore, streaming platforms will need to do more than just demonstrate their value-for-money; they will need to embed themselves as a core part of their users' content consumption routines.

The increased availability of consumer and content data will be a double-edged sword for platforms. On the one hand, it will provide them with the tools necessary to rise to this challenge and develop strategies for building and maintaining a deeper emotional relationship with their customers. But at the same time, it will introduce more noise into the equation—making it harder to distinguish between meaningful signals and background static.

Success in this new environment will require platforms to measure the metrics that truly matter—and to learn how to synthesize those metrics into actionable insights and early indicators of long-term challenges and threats. A new streaming landscape will require a whole new playbook; and the platforms that embrace this reality will find themselves best-equipped to navigate the challenges of this latest era in the industry's history.



AT A GLANCE

THREE KEY TAKEAWAYS

01

The next chapter in the history of the streaming industry will be defined by transparency, as platforms come under pressure to share more of their data with external stakeholders.

02

Placement in customers' browsing orders, along with unaided awareness among viewers, have emerged as the most effective predictors of long-term success for streaming platforms.

03

A distinct sense of identity within the wider streaming landscape is a crucial ingredient for driving the kinds of behaviors that correlate with long-term success.

originals IQ

Unless otherwise noted, data cited in this report comes from **Originals IQ**, NRG's always-on tracker of the streaming landscape. Each week, we survey 3,000 US streaming subscribers–along with consumers in the UK, France, Germany, and Mexico—to understand the titles they're paying attention to and how they're engaging with platforms.

Additional data on user behaviors on streaming platforms and requirements for exposure to new shows (p9 and p10), as well as data on viewing preferences for streaming genres (p3), comes from NRG's annual **Future of Series** study. This study was conducted in October 2023, and involved surveying 3,000 US TV viewers (including both linear and streaming viewers) ages 12 to 74.

Data on preferences for at-home vs. in-theater movie viewing (p3) comes from NRG's annual **Future of Film** study, a survey of 3,136 Americans aged 12 to 74, conducted in August 2023.

Capabilities of Originals IQ

Landscape Insights

With over 60+ original films and series in the prime tracking windows every week, Originals IQ leverages a mix of top-of-mind, familiarity, sentiment, and thematic elements with contextual norms to assess what is a standout. Beyond the numbers, Originals IQ visualizes the landscape across key engagement variables, and offers insights within specific audience segments to assess areas of opportunity.

Title Consultation

Throughout and after a title's run on tracking, Originals IQ dives deep into context using key historical comps and norms at the platform level, segments targeted to title strategy, qualitative takeaways and recommendations based on open ends, and comprehensive reporting (written and/or visual) to deliver the most actionable insights from each wave in field.

Platform Impact

Beyond the titles, Originals IQ maintains a consistent pulse on the streaming services themselves, including familiarity, usage and browsing patterns, churn, intent, and perceptions, with strong correlations against reported spending data. With almost 4 years of longitudinal history, Originals IQ is able to cross-tabulate and correlate titles on the timeline with impact and success at the platform level.

Audience Behaviors

The survey's screeners and concluding psychographics section encompass a deep selection of behavioral markers, such as social media frequencies, cable, moviegoing, levels of streaming avidity and monthly spend, household composition, and hobbies/activities of interest. Each audience segment can be trended over time and crossed with title or platform measures, while feeding into NRG's media buy-connected platform Audience IQ.

Newsworthy Pulses

As relevant events and topics arise, Originals IQ is able to assess a quick read on the impact on the engaged streaming community. Examples include interest in watching on the Vision Pro, attitudes toward the superhero genre, interest in awards contenders, sporting event fandom, ad tiers, and inflation.

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About NRG

National Research Group is a leading global insights and strategy firm at the intersection of entertainment and technology. The world's biggest marketers turn to us for insights into growth and strategy for any content, anywhere, on any device.

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Want to understand how your streaming platform performs on the key metrics outlined in this paper?

Reach out to our team at **inquiry@nrgmr.com** to discuss our Originals IQ program in more detail or arrange a tailored briefing session.