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Maximize Subscriber Retention By Delivering an Exceptional Viewer Experience



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Top reasons consumers cancel streaming services include content fatigue, insufficient value

Abstract: In the increasingly fragmented subscription video-on-demand (SVOD) market, subscriber churn is a growing problem. As acquiring new subscribers is both difficult and costly, streaming services must proactively work to reduce churn. This requires companies to have a complete understanding of each subscriber's preferences so they can deliver outstanding personalized experiences across the entire subscriber life cycle.

By Alp Pekkocak, Global Head, Media Strategy, Solutions, Salesforce

The market for subscription video-on-demand (SVOD) is evolving at breakneck speed. Major players such as Netflix and Hulu are spending heavily on original content as they look to secure a larger share of the market, and other services are now offering live sports. Newcomers like HBO Max, Disney+, Quibi and Apple TV+ are joining the fray. Subscribing to multiple services to meet the needs of different household members has become the norm.

As the market becomes more fragmented, consumer expectations are also changing. Customers increasingly expect personalized customer experiences on and off the viewing platform. At the same time, SVOD services don't typically require a long-term commitment, leaving consumers free to jump from one provider to another if the content or service doesn't meet their expectations.

As a result, cancellations — or subscriber churn — are causing major headaches for SVOD providers. In many instances, this problem is compounded by “seasonal churn” — where a consumer signs up to a service to watch a new television series or live sporting event, such as the FIFA World Cup, only to cancel their subscription when they finish watching it. In the era of binge-watching,

Streaming companies must use technologies such as **artificial intelligence** and **machine learning** to **predict** when subscribers are at risk of **churn**, and **initiate** and **inform retention journeys**. This is only possible if **companies have a 360-degree view of subscribers**

this could be as little as a few weeks.

In a highly competitive market, acquiring new subscribers isn't a simple task. It takes considerable effort and a generous marketing budget. According to Ampere Analysis, Netflix spent \$100 per net new U.S. subscriber in 2018. However, this figure is likely to be even higher for newer players that don't have the same level of consumer recognition. This means it is critical that streaming companies have a proactive churn-prevention strategy and the right technology stack to retain the subscribers they do have.

Seasonal churn aside, these are the top three reasons why people cancel their subscriptions:

■ **Content fatigue.** Subscribers will switch providers if they feel a service doesn't have enough new or entertaining content.

■ **Poor subscriber experience.** This includes everything from the ease of onboarding to the quality of the viewing experience and content recommendations to the variety of subscriber care and service channels available.

■ **Insufficient value for money.** The consumer perceives the service is too expensive for the available content, or they are paying for too many services.

Phases of the subscriber journey

Reducing subscriber churn isn't easy. It requires streaming services to have a comprehensive understanding of each subscriber's preferences in order to deliver outstanding personalized experiences across the entire

subscriber life cycle. This is only possible if a company has a complete view of the subscriber that can be analyzed to derive actionable insights — a "subscriber 360" view.

Streaming services can achieve sustainable growth by concentrating on the following four pillars of the subscriber life cycle.

1. *Attract*

The goal during this phase is to identify, target and reach consumers who may be interested in signing up for a new streaming service.

Once a company's marketing team has identified its target audience, it can implement an omni-channel marketing outreach program to drive demand and sign up prospects. This will typically include offering a free trial or one-time discount to lower the barriers for customers to test the service.

2. *Acquire*

The aim of the trial period is to convince a prospect to become a subscriber. To do this, SVOD services should provide a streamlined onboarding experience that maximizes customer engagement and content consumption.

This typically involves sending personalized recommendations, information about new or popular programs, and reminders that the free subscription period is about to end. The subscriber experience during this period must be exceptional to ensure a prospect doesn't cancel during the trial.

3. *Service*

Once a trial subscriber becomes a paying

subscriber, he or she needs to feel they are getting value for the money spent. One way companies can do this is by providing personalized recommendations based on viewing patterns, both inside the viewing platform and out, via email and push notifications. Ideally, this will encourage subscribers to increase their consumption, as we know that personalized recommendations increase consumption and reduce the risk of churn.

Streaming services must also offer seamless, omni-channel care in case a subscriber needs support. It is essential that customers can instantly access the information they need (particularly if the problem relates to the viewing experience or a billing issue, as these are often time-sensitive) via their preferred service channels; these include chat, phone, email, bots, knowledge articles and community forums. This omni-channel subscriber care approach also allows companies to more easily scale their services to look after millions of customers.

4. *Retention and Loyalty*

The final pillar in the subscriber life cycle is retention and loyalty. This involves making sure subscribers are happy and getting maximum value out of their subscriptions, and is where the subscriber 360 concept really comes into its own. It is this full view of the subscriber — including content consumption, viewing habits, demographics and technographics, viewing experience, and billing and service history — that enables companies to provide the meaningful personalized service that drives customer loyalty.

When a subscriber has been with a service for a long time, opportunities may exist to try to upsell an add-on service or the next tier of service. This can help companies to achieve sustainable growth that isn't solely reliant on continually acquiring new customers.

Integrated technology key to success

To be successful, streaming services must have the right technology stack in place. This means being completely integrated, with all systems seamlessly working together. While it is possible to assemble multiple point solutions to manage each pillar of the subscriber lifecycle, working with a company like Salesforce that can provide a fully integrated platform capable of sensing information critical to the subscriber journey and acting on it to nurture subscribers at every step is ideal.

It gives SVOD providers the ability to oversee all aspects of a subscriber's journey with the company, including how different aspects interact, and respond accordingly. For example, a new customer is likely to be on an onboarding journey managed by the marketing system. However, the customer may also be having significant problems streaming content, requiring them to access subscriber care. As a result of these issues, the customer's initial enthusiasm for the service has waned, putting them at higher risk of churn. The system recognizes that there has been a high level of service activity, coupled with a dramatic drop in consumption, and flags with marketing that the customer needs to be put on a retention journey. This level of insight and automation is only possible with a fully integrated system that can intelligently identify problems and respond to them.

Ultimately, streaming companies must

use technologies such as artificial intelligence and machine learning to predict when subscribers are at risk of churn, and initiate and inform retention journeys. Again, this is only possible if companies have a 360-degree view of subscribers so they can tap into it to anticipate their needs and exceed expectations. Only by continuously monitoring and analyzing subscribers' data for these insights can they hope to reduce subscriber churn and grow their share of an ultra-competitive market. ■



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