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Media and Communications

20 February 2021

Streaming Video: Changes in the Media Market

The rising popularity of subscription video on demand (SVOD) services is dramatically altering the way people consume media, especially young adults. Consumers prefer the autonomy to choose when, how, and where they view digital video content to more traditional forms of viewing, such as through cable and satellite subscription services.

According to Pew Research, about 60 percent of adults between the ages of 18 and 29 report that the primary way they watch television is with streaming services on the web (Pew Research Center, 2020). In contrast, about 30 percent of the same age group mostly watch using a satellite or cable subscription. Only 5 percent mainly watch with a digital antenna.

Young adults are leading the way for other video consumers. About 55 percent of all households in the United States subscribe to paid streaming services, representing an explosion in popularity since 2010, when only 10 percent of households subscribed (Richter, 2021). These findings mark a significant change in consumers’ pathway to entertainment and information.

A recent survey also found that most U.S. consumers subscribe to an average of three on-demand streaming services, amounting to collective spending of $2.1 billion per month (Chao, 2021). Industry experts expect this amount to rise. While SVOD consumption increases, the demand for other entertainment activities such as reading and listening to music is flattening or declining. The trend toward SVOD clearly represents a major shift in the media marketplace.

The primary advantage of SVOD is that it allows consumers to view video content when and how they want, whether on a mobile device, laptop, or smart TV. Another key advantage is that SVOD services provide high-quality content that consumers find valuable. Surveys suggest that convenience prompts consumers to try SVOD, and the quality and originality of the offerings motivate them to stay with the services (Elwood, 2020).

As video streaming becomes more popular and frequent, businesses in other sectors of the media market are rethinking their strategies. Traditional and premium cable broadcasters have introduced SVOD versions of their services in attempts to keep up with the newer streaming content providers. In addition, technology companies are developing platforms and offering original content of their own, intensifying the competition for entertainment dollars.

Although consumers are comfortable with an average of three subscriptions to on-demand video, they may resist too many more, especially if the paid subscriptions are costly, confusing, or bloated by unwanted content. A common complaint from customers of paid TV is that subscription packages include hundreds of channels, many of them unwanted. Furthermore, customers feel that they are not receiving value for the subscription amount. If streaming services take note of these objections and continue to provide a convenient, valuable alternative, consumers will keep cutting the cord.

Works Cited