

Streaming Services Analysis

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Executive Summary

Global telecommunications giant, Verizon, defines streaming as follows: "Streaming refers to any media content, live or recorded, delivered to computers and mobile devices via the internet and played back in real time." In today's digital age, companies like Verizon work alongside streaming service companies to deliver such content to their customers. Streaming content comes in all shapes and sizes. Long time players like Netflix specialize in offering an assortment of movies and TV shows. Services like Spotify focus on audio and music streaming. Other services like Twitch and YouTube have a variety of live streaming and recorded videos ranging from video games to cooking tutorials and much more. Though these companies all offer similar services, many differ in the amount and types of content that they are able to deliver. For example, Netflix is limited in that its main content source are movies and TV shows, whereas a company like YouTube is able to deliver and recommend an ocean's worth of niche videos. In the streaming industry's competitive landscape, having a diverse array of relevant content is important to both attract new users and maintain current users.

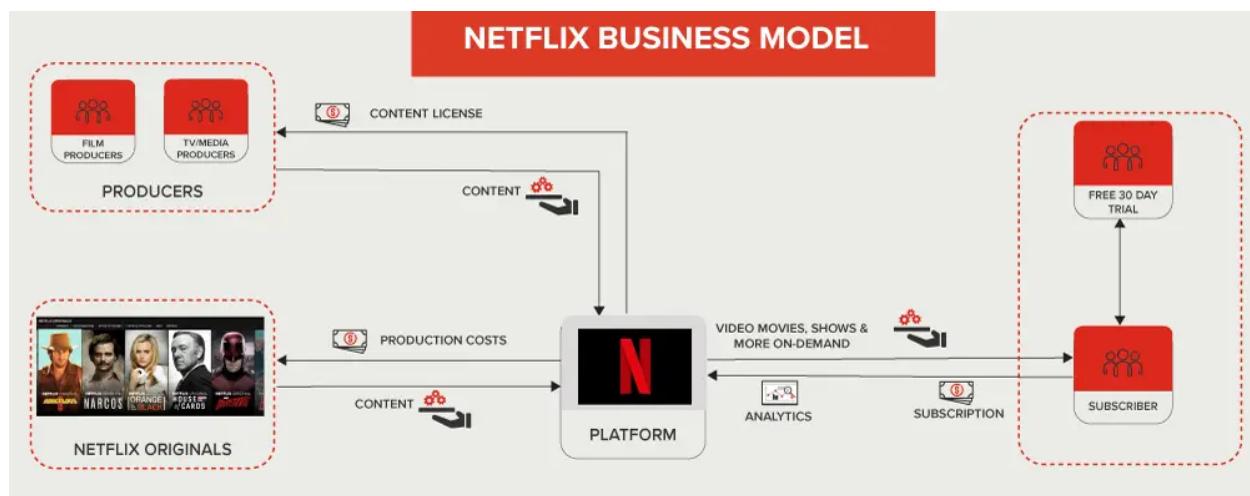
In this analysis, we investigated three different streaming products (Netflix, YouTube, Spotify) to search for factors that could be important to successful content across three fairly different

streaming platforms. Upon investigation, it is clear that these platforms each have a variety of different content that can target different audiences. Though different in both business model and content type, all Netflix and Youtube platforms saw success with their most recently added content. These two companies saw that their trending content tended to be ones created within the shortest amount of time being uploaded to its respective platform. As a live streaming platform, Twitch saw total peak viewership in the millions when looking at just a small subset of streamers. Though successful in this regard, an inherent risk is posed due to the majority of viewership being concentrated among a small subset of channels and the former insights showing that users tend to flock toward the “next big thing.”

From these insights, one can argue that Twitch could find more ways to invest more resources in developing “smaller” streamers. Whether through modifying algorithms, feature development, or incentivization, there are several action items that the company can take to mitigate this risk.

Analysis

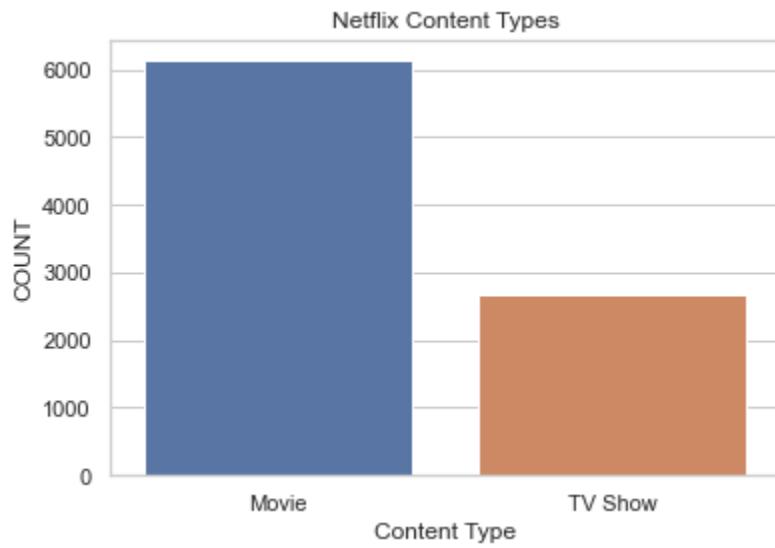
Netflix



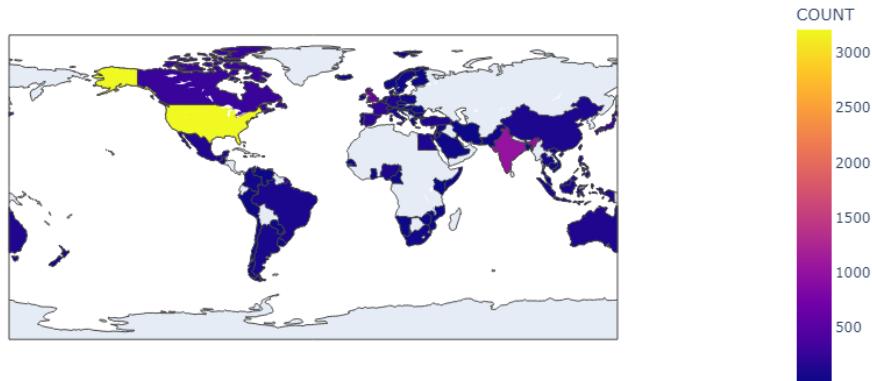
Netflix, arguably one of the biggest streaming platforms worldwide, is a platform that specializes in TV shows and movies. Originally a DVD rental service, Netflix began streaming media [as far back as 2007](#) and now has a library of thousands of shows and movies. The company uses a 3 tier subscription model that varies by location where users pay a monthly subscription fee to watch and receive various perks. For reference, Netflix charges users in the U.S. users anywhere between \$9.99 to \$19.99 per month. Starting out, Netflix relied heavily on external film and TV producers to bring in new content. Netflix pays producers of hit sitcoms like *The Office* and blockbusters like *The Amazing Spiderman* to add their content to the service. In order to provide more Netflix exclusive content, the company started producing its own original content in 2012, with hits like *Squid Game* and *Bridgerton* taking the world by storm last year.

As a business that relies primarily on subscription fees, it is crucial that Netflix has content that keeps users interested.

As of mid-2021, Netflix has accumulated nearly 9,000 different movies and shows, where 70% of that content is movies and the other 30% is shows. Though the company focuses a lot on American content, Netflix is [available to over 190 countries](#) around the world. Similarly, the company has content produced in nearly 200 different countries worldwide and [60+ different languages](#).

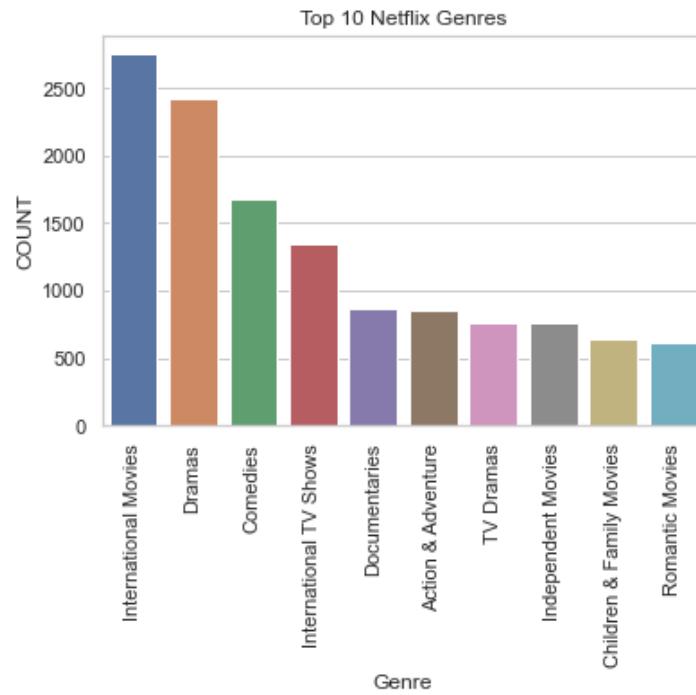


Number of Titles Produced By Country

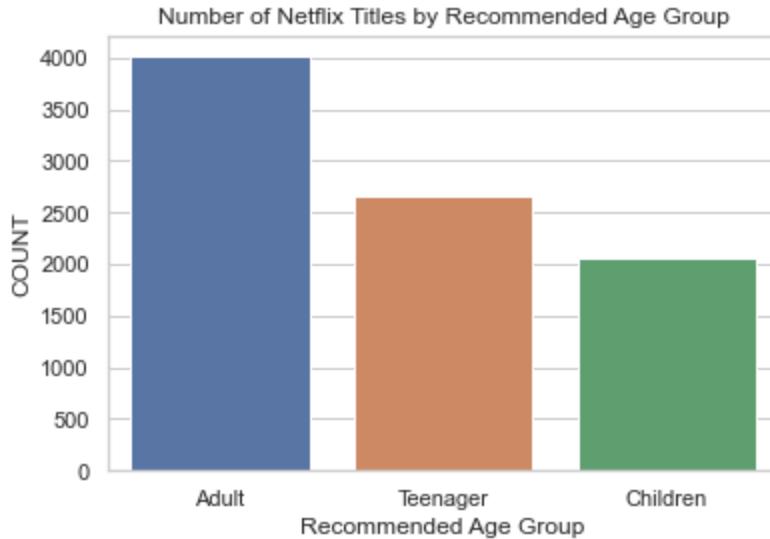


Like most content driven services, Netflix is able to segment its content by category. The company has over 40 TV and movie categories to choose from, ranging from categories as specific as *Stand-Up Comedy* to *Faith & Spirituality*. In particular, the top 3 most accounted for categories were all movie categories including *International Movies*, *Dramas*, and *Comedies*

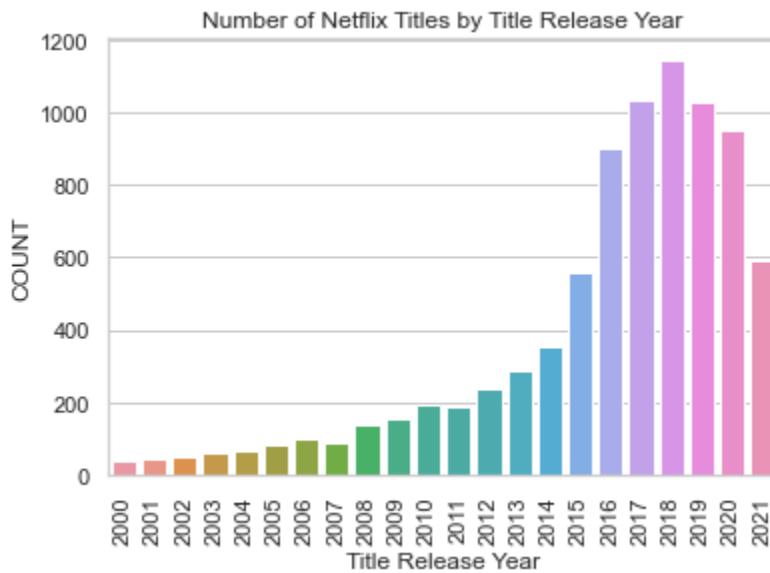
respectively. With this wide selection of categories, the company is able to pique a variety of different audiences.



According to [Truelist](#), Netflix has a relatively uniform distribution of user age that ranges from young adults (18-24 years) to senior citizens (65+ years). To account for these various age groups, the streaming service also has content that can be segmented by its motion picture [rating](#). Given that the user base is predominantly made up of adults, Netflix has a significant amount of “mature” content (e.g. ‘R’, ‘TV-MA’, etc.). Notably, since there are still children and young adults (teenagers) that use Netflix, though not accounted for in the formal user definition, the company also has a significant amount of content for those age groups (e.g. ‘G’, ‘PG-13’, etc.).



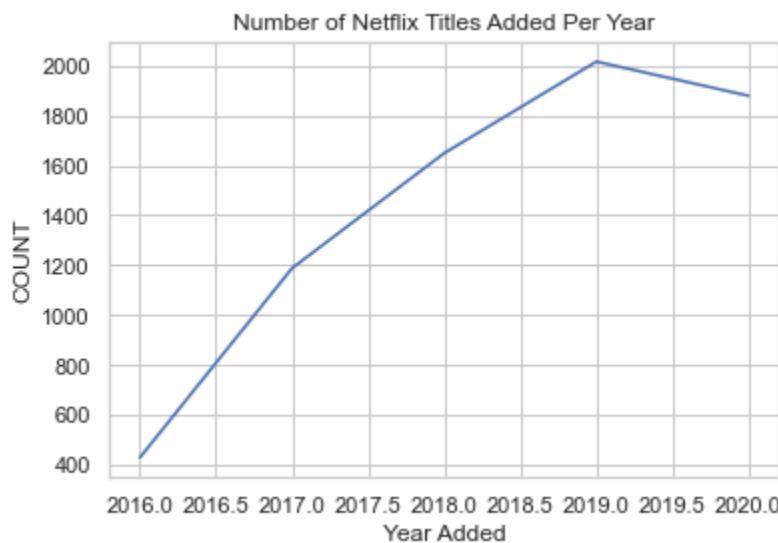
Similarly, Netflix also has content that spans across several decades. Though the bulk of its catalog is made up of shows and movies from the past decade, Netflix still has a significant amount of content from before 2010, with a movie as far back as 1925.



Though having a diverse array of content is crucial for Netflix's success, one can argue that being able to consistently provide new and fresh content is equally critical.

In 2015, Netflix added over 80 new shows and movies to the platform. Just a year later, the company was able to quadruple the amount, adding nearly 430 new pieces to the service. Thereafter, the company was able to add thousands of new content per year. Though Netflix has been successful at expanding its portfolio, the company has not been able to maintain the same growth as a few years ago and has been trending downwards. So much so that the company saw a 7% decrease in the number of new titles added from 2019 to 2020.

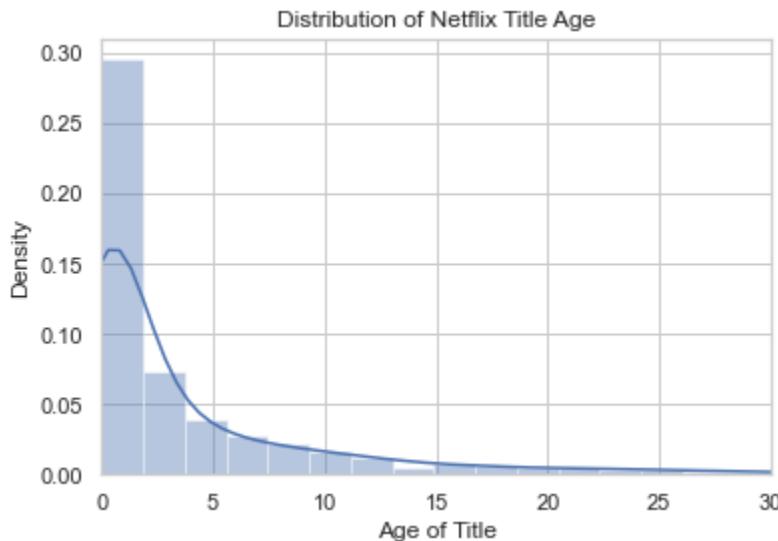
Year	Number of new content added	Absolute difference	Relative difference
2015	84		
2016	429	345	423.171%
2017	1188	759	176.923%
2018	1649	461	38.805%
2019	2016	367	22.256%
2020	1879	-137	-6.796%



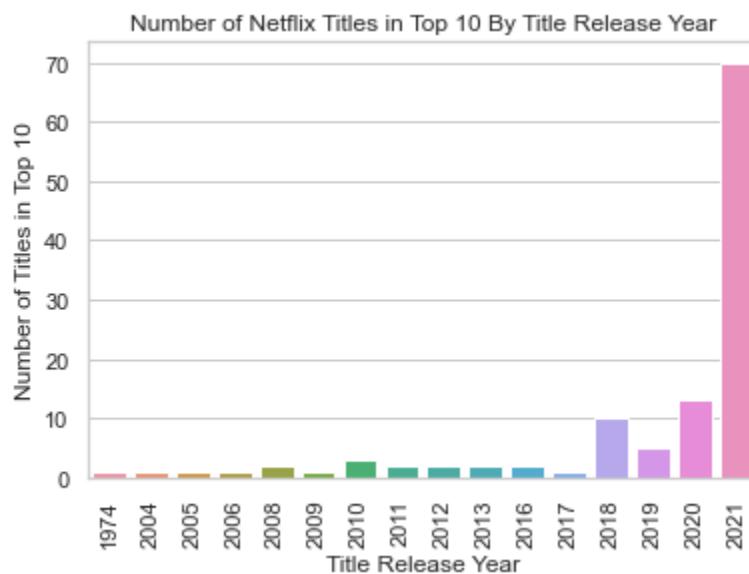
Though it is important that more content is consistently added to the library, another important aspect is how relevant and fresh that content is. From 2016-2020, the median “age” (computed by taking the difference in year added to Netflix and the title’s release year) of a newly added title was 1 year old. Overall, Netflix tends to add new and fresh content to the platform, with more than 40% of the content being released within the last three years.

Year	Average content age (years)	Absolute difference (years)	Relative difference
2015	1.34		
2016	2.94	1.6	119.292%
2017	3.94	1.0	33.800%
2018	4.12	0.18	4.738%

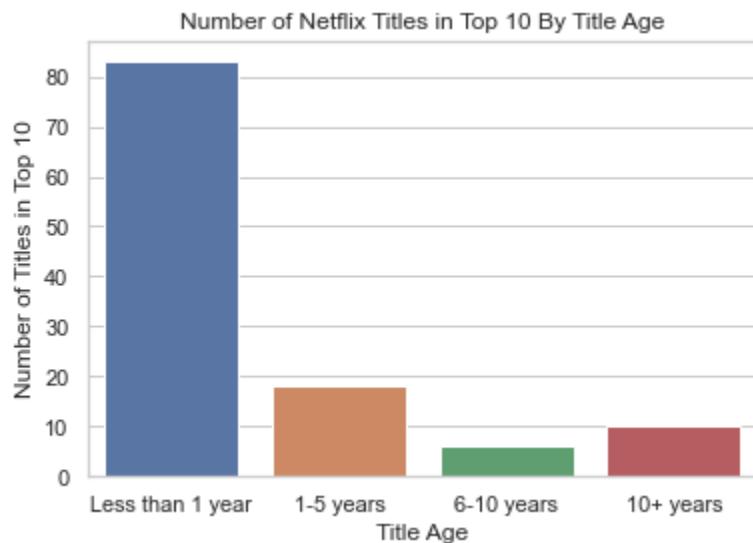
2019	5.27	1.15	27.891%
2020	4.68	-0.59	-11.302%



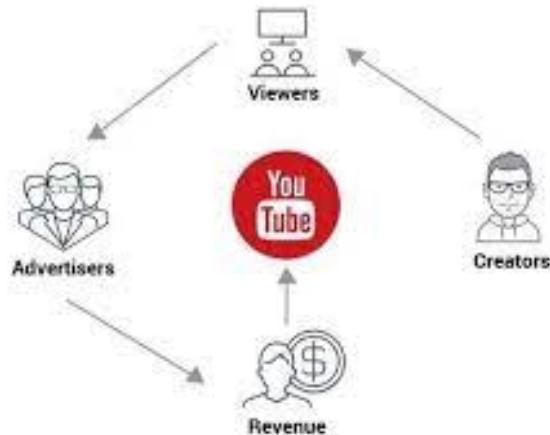
On a weekly basis, Netflix publishes four global Top 10 lists for films and TV in both English and non-English. These lists rank titles based on weekly hours viewed: the total number of hours that members around the world watched each title from Monday to Sunday of the previous week. With these lists, users get a sense of some of the hottest and trending content. Of a sample of over 100 movies that were in these Top 10 lists from July 2021 to mid-April 2022, approximately 60% of these movies were released in 2022, and over 80% were released 2018 and onward.



Similarly, movies from this cohort tended to be less than a year old upon adding to the Netflix library. Though this was just a small sample of data, this shows that users tend to be more interested in the newest content.

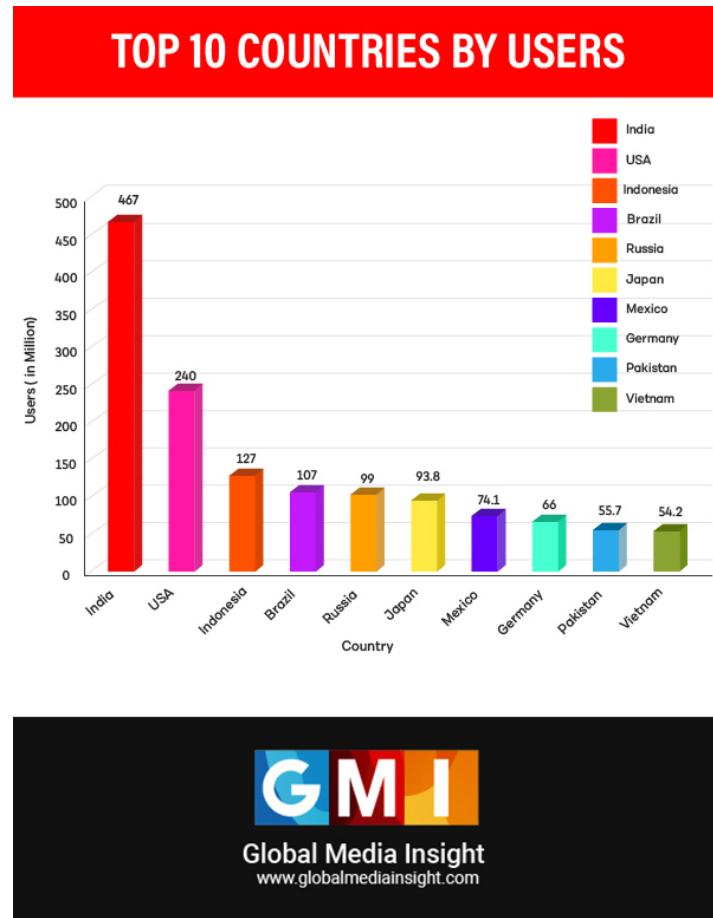


Youtube

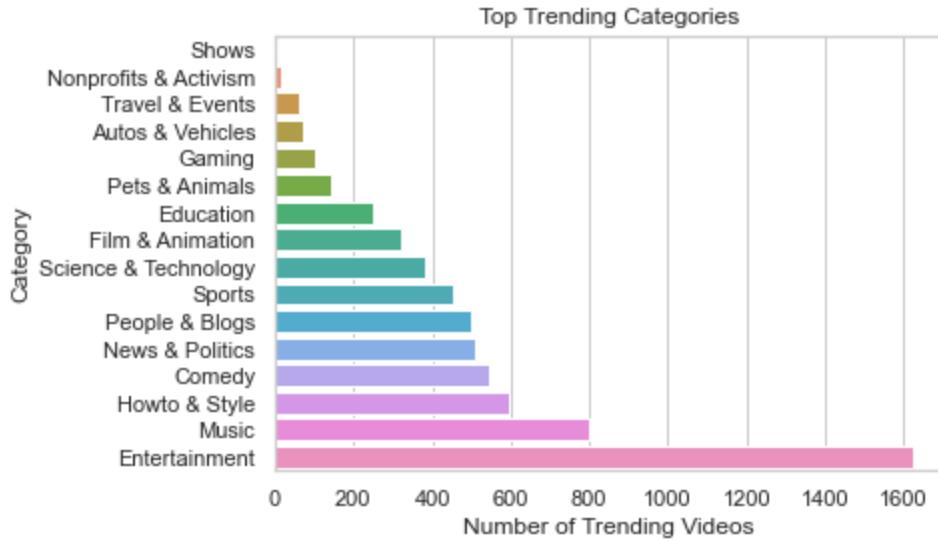


Youtube is an online streaming platform that specializes in video uploads. In comparison to Netflix, where the two main sources of content are traditional TV shows and movies, Youtube's main source of content, videos, are not subject to the same constraints and barriers to entry that Netflix faces (e.g. contracting/production costs). As a business, Youtube is not directly responsible for the addition of content to the platform like Netflix is. In contrast, Youtube has millions of creators that have their own channels where each individual creator releases their own content. Revenue is generated through clicking into a creator's video, where one or more advertisements are triggered. That ad revenue is split between creators and Youtube, thus incentivizing creators to produce content at high quality and volume.

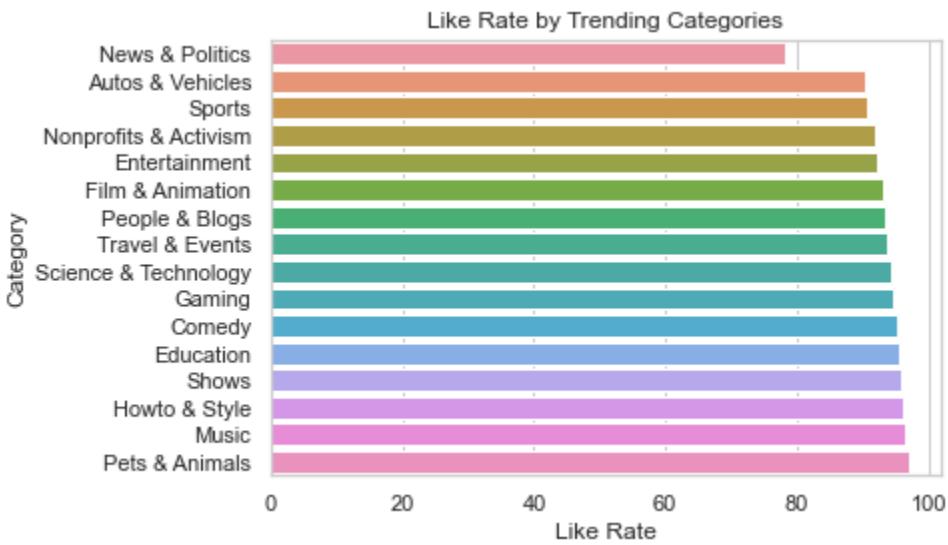
Similar to Netflix, Youtube is [accessible around the world](#) (with an exception of a few countries) and [Global Media Insights](#) reports that there are “80 different language options” available.



Also similar to Netflix, Youtube also classifies its content by basic genres and categories. In Youtube's case, the platform has over 30 different categories of videos, which notably are much more niche than Netflix genres, which range from *Anime/Animation* to even *Sci-Fi/Fantasy*. Some of the most trending categories include *Entertainment* and *Music*, which are notably engaging genres that are not typically found on traditional streaming platforms like Netflix.



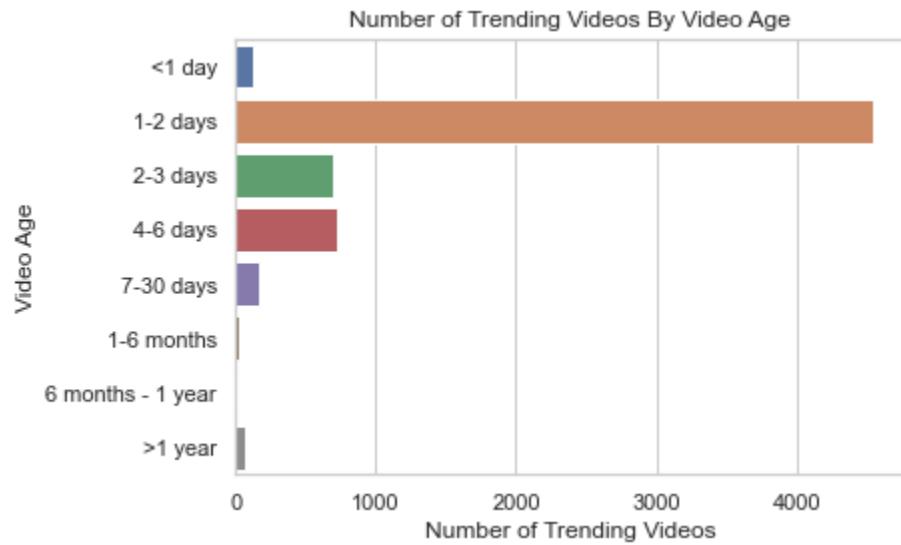
YouTube has a feature when watching videos where a user is able to like or dislike a video. In general, most videos that trend on the platform tend to be more liked than disliked. Across all trending categories, the average rate at which a video was liked per category is relatively positive and uniform. All categories except *News & Politics* (78%) saw a “like rate” of above 90%.



In comparison to Netflix, YouTube uploads significantly more content than Netflix. [Oberlo reports](#) that YouTube has around “720,000 hours of content uploaded every day.” Though YouTube adds content at a much larger scale than a traditional streaming service like Netflix, there are still some similarities in the best performing content across both service types. In particular, the most popular content on YouTube’s platform also tends to be the newest videos. From a sample of YouTube videos that trended from November 2017 to June 2018, over 70% of the videos

started trending within 2 days of the video being uploaded. Also, videos that pass the one week mark have just a ~3% chance of trending.

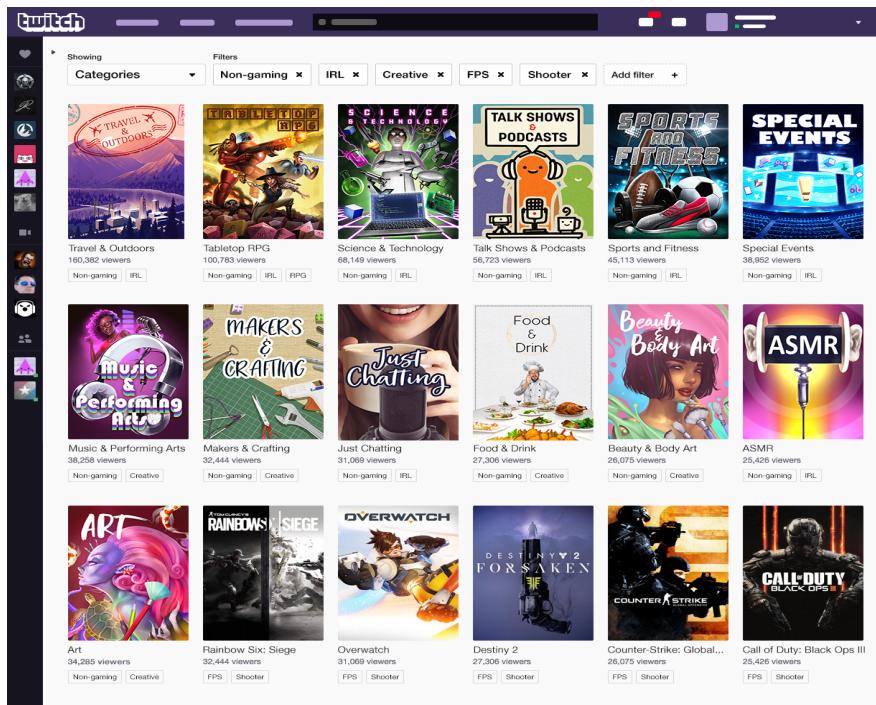
Video Age	Number of Trending Videos	Percent of Total
<1 day	121	0.019
1-2 days	4551	0.717
2-3 days	688	0.108
4-6 days	725	0.114
7-30 days	165	0.026
1-6 months	22	0.003
6 months - 1 year	10	0.002
> 1 year	69	0.011



Twitch

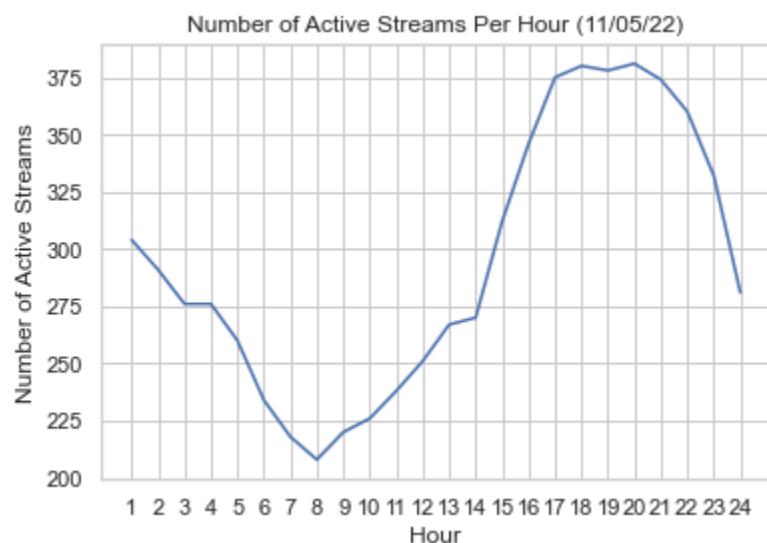


While Netflix and YouTube primarily focus on static video streaming, Twitch is a service that focuses on *live* streaming. Similar to YouTube, Twitch relies on its creators to provide live content to the platform. Twitch follows a “freemium” business model, where users have the option to pay for channel perks, in which the creator and company split the generated revenue. On top of these premium options, Twitch also runs several advertisements on a creator’s channel. These two revenue sources incentivize creators to produce quality content for their communities. Twitch streamers have various streams of revenue through donations, subscriptions, sponsorships, etc.. and are thus incentivized to produce content at both high volume and quality.

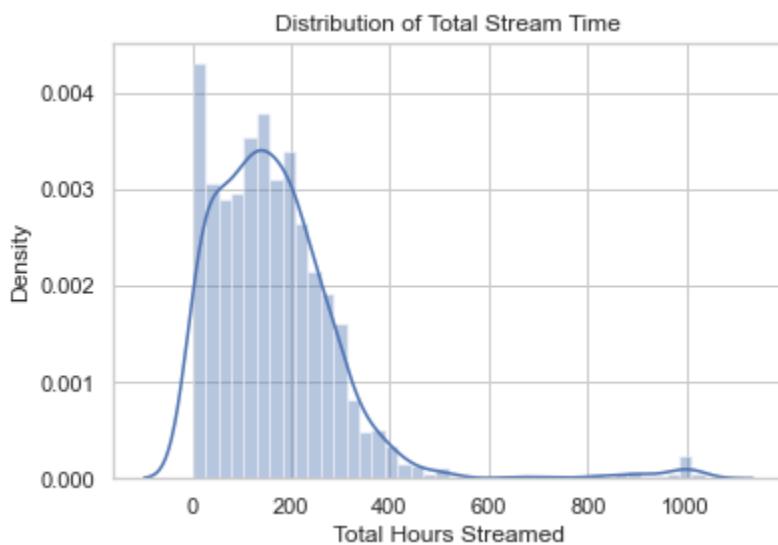


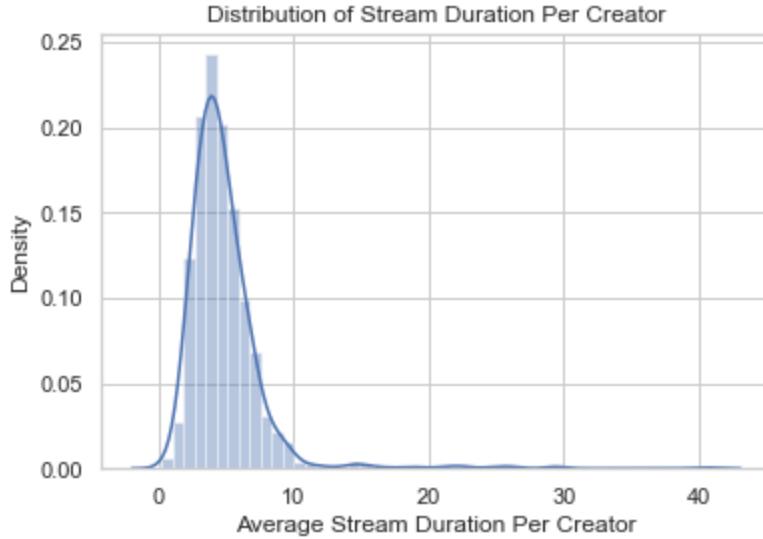
As mentioned previously, Twitch is a live streaming platform that is fueled by its creators. [Business Wire](#) reported in 2017 that the service was available to over 200 countries worldwide. Though the platform primarily focuses on live streaming video games, Twitch creators can also stream IRL and creative content such as live workouts and music.

From a sample of ~1500 different streamers, these creators streamed a total of 951 different games within a given month, averaging at about 140 different games streamed per day. In aggregate, Twitch has thousands of channels concurrently active. From the sample alone, there were approximately 60 streams concurrently active per minute and nearly 300 streams active per hour.

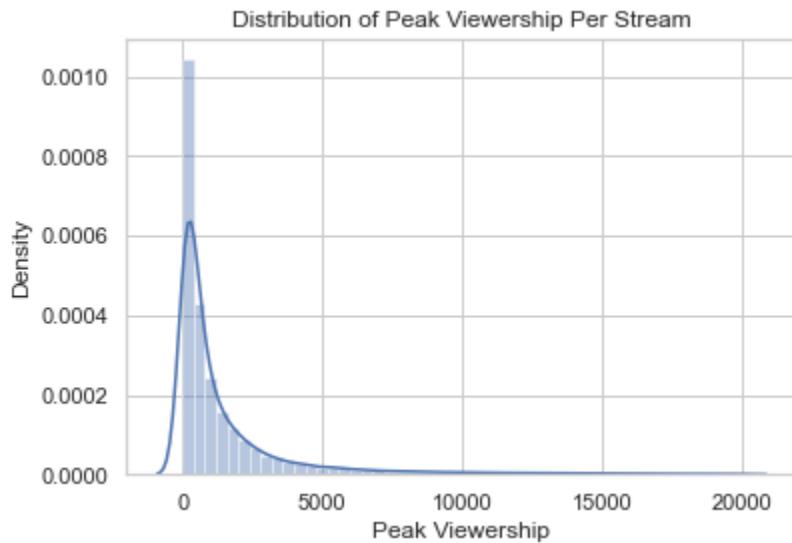


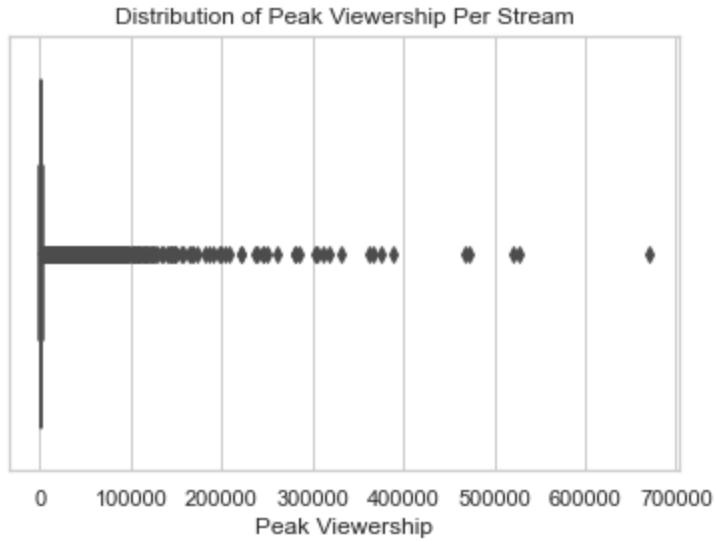
From the same, relatively small sample of ~1500 unique channels, the creators reeled in over 250k hours of content, with each streamer having a stream of 4.86 hours, on average.





Not only does Twitch have a lot of live content happening concurrently, but there are many viewers that watch and engage with this content. When observing the maximum viewership across all 60k distinct from this sample, there were over 68 million viewers in total, with some Esports channels like *riotgames* hitting over 670k viewers. Though it is promising to see some channels see this level of success, it is worth mentioning that this is not the case for most streams. In general, most streamers do not see the same viewership as a *xQc* or a *pokimane*. Rather, it is actually increasingly difficult for new streamers to achieve that level of success. This can be potentially harmful to Twitch because the company could be losing out on some premier talent and risk losing major revenue streams if this small subset of channels lose popularity.





Conclusion

In summary, the data shows that users tend to favor the newest content over older content. In both the case of Netflix and Youtube, this analysis showed that their users will trend toward content released within a short time frame of being added to its platform. For Twitch, though the company has a lot of different content and high viewership, most of that success is focused around a small subset of channels across the platform. Given the findings from Netflix and Youtube, there is an inherent risk to having so much of its success and revenue generation spread across a small population of streamers. If users want to find the newest and hottest content, there is a possibility that these “big” channels that make up a lot of the viewership could see a potential lack of interest the older the channel becomes.

To combat this, Twitch should invest resources in creating a more equitable landscape for smaller streamers. Here are some potential next steps / recommendations:

- Modifying recommendation engines to favor smaller streamers
- Creating features to boost small streamer viewership (e.g. automatically raid a random small streamer at the end of a stream)
- Incentivizing bigger streamers to collaborate with smaller streamers
- Hosting online and/or in-person events that spotlight smaller streamers