UNIVERSITY OF BIRMINGHAM

Capturing a Captive Audience:

Examining Consumers' Perception of SVOD Service Quality, Gratification, and Technology to Identify Determinants of Churn Prediction and Retention Marketing.

By

Alex J Sinclair

Supervisor: Olalonpe Ige

A Master's thesis submitted to

The University of Birmingham

for the degree of

Master of Business Administration (M.B.A.)

Birmingham Business School

The University of Birmingham

July 2020

Abstract

Subscription Video-On-Demand (SVOD) services have irrefutably changed the landscape for traditional broadcasting and media consumption over the last twenty years. Initially an uncontested market, new contenders have disrupted the industry through exclusivity, segmentation, new entry pricing and overall higher quality of experience to entice consumers to unsubscribe (churn) from their traditional platforms voluntarily. To combat this, retention marketing strategists have begun to implement artificially intelligent driven algorithms (Ai) to predict customer churn in order to re-engage users before they lose them to competitors.

This research explores the consumers' journey through the lens of service quality and gratification when deciding whether to subscribe, retain, or unsubscribe from multiple SVOD services. Through investigating multiple theoretical models such as the zone of tolerance, media gratification, game theory, dual-process theory, and hype cycles, particularly during recent pandemic lockdown measures, this research explains how churn prediction could be better implemented on media-subscription based services. This study compares expectations and perceived quality of service between American and British markets to inform the broader scope of this enquiry.

This study employs a mixed methodological approach, combining qualitative and quantitative inquiry through online questionnaires, complemented by direct interviewing a participant sample. The perception of quality service will be tested, integrating a modified form of ES-Qual into a new framework ESQ-OTT and further testing of UGT and TRI 2.0 surveys. Surveys are based on American and British contexts to inform the varying nature of consumer perception and design making among global SVOD platforms.

The study presupposes that external factors such as isolation, financial limitation, and technological adaptation will adversely affect the result. While the findings showed minimal impact on the perception of quality experience; they do not impact the ability to predict when consumer churn will take place. This study highlights the need for curated content-driven marketing at a stage prior to user inactivity, where current churn predictions are made, in order to create an effective retention marketing campaign. This study further explores four distinct marketing strategies based on user and future opportunities for traditional digital platforms, such as Netflix and the BBC iPlayer.