

# Perception Of Pricing And Subscription Value Of OTT Platform Among OTT Viewers Of Mayiladuthurai District



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## ABSTRACT:

This study investigates the evolving dynamics of consumer behaviour within the Over-the-Top (OTT) streaming market, focusing on the intersection of perceived cost and value. As the industry shifts from content acquisition to aggressive pricing strategies, subscription fatigue has emerged as a significant threat to platform retention. Utilizing a quantitative research design and a survey of 60 respondents, the study employs descriptive statistics and ANOVA to analyse demographic spending patterns and price elasticity. Findings reveal an Amazon Prime is perceived as the most affordable due to its multi-utility bundling, Netflix maintains the highest stickiness (retention) among younger demographics (18–40years) despite being viewed as the least affordable. This suggests that exclusive content acts as a primary buffer against price sensitivity. Statistical analysis indicates that while income significantly dictates churn rates during price hikes ( $p=0.007$ ), the demand for flexible pricing models—such as sachet or pay-per-view options—is universal across all demographics ( $p=0.646$ ). The study concludes that to mitigate subscription hopping, platforms must transition from rigid monthly models to hyper-personalized, tiered, or bundled pricing strategies that balance profitability with the psychological value thresholds of Gen Z and Millennial consumers.

**Keywords:** Consumer behaviour, Customer retention, OTT platforms, customer pricing, Perceived value, Price sensitivity, Subscription fatigue.

## INTRODUCTION:

The digital entertainment landscape has shifted from linear television to Over-the-Top (OTT) streaming. As the market becomes saturated with players like Netflix, Disney+, and Amazon Prime, the streaming war has pivoted from content acquisition to pricing strategy. Understanding how viewers perceive the value of their subscriptions relative to the cost is critical for platform retention in an era of subscription fatigue. The global media landscape has undergone a seismic shift, transitioning from traditional linear broadcasting to the era of Over-the-Top (OTT) streaming services. This evolution has democratized content, allowing users to consume media anytime, anywhere, and on any device. However, as the market matures and enters a phase of hyper-competition, the primary challenge for platforms like Netflix, Amazon Prime, Disney+, and regional players has shifted from mere user acquisition to subscription retention and value perception. The pricing of these services is no longer just a financial metric; it is a psychological signal. Consumers today are faced with subscription fatigue, a phenomenon where the cumulative cost of multiple streaming services begins to rival or exceed traditional cable bills. This research investigates the critical intersection of perceived cost and perceived value.

While some viewers view OTT platforms as utility-like services (similar to electricity or internet), others view them as discretionary entertainment. This study aims to decode how factors such as content exclusivity, tiered pricing (ad-supported vs. premium), and income levels dictate whether a user perceives a subscription as a bargain or a burden. By analysing 60 diverse respondents, this paper seeks to provide a roadmap for how platforms can balance profitability with consumer satisfaction in a price-sensitive market.

## OBJECTIVES:

- To analyse the demographic profile of OTT users and their spending patterns.
- To evaluate the relationship between pricing packages and user satisfaction.
- To determine the impact of price hikes on subscription stickiness (retention).
- To identify the most affordable and irreplaceable platforms according to consumer perception.

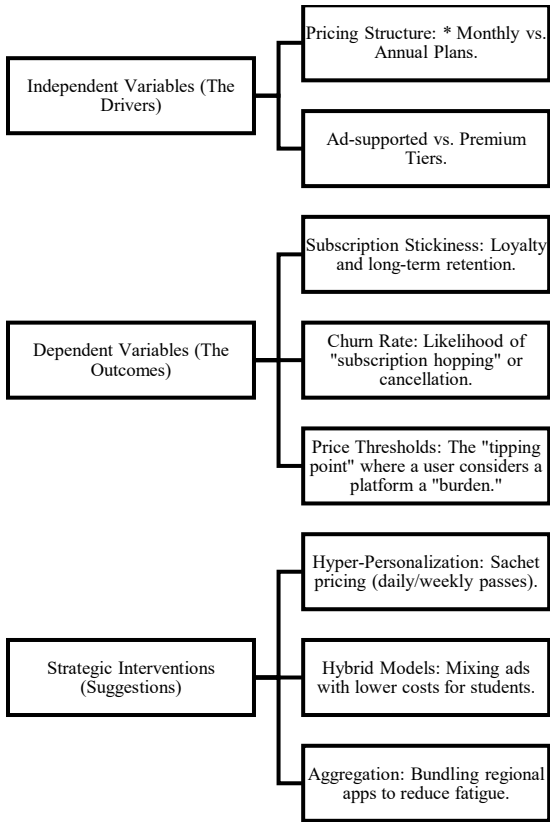
## LITERATURE REVIEW:

**Likitha, D. S., & Vyavahare, P. (2024, July)** This research examines the strategic impact of bundling Over-the-Top (OTT) services with traditional Internet subscriptions on an Internet Service Provider's (ISP) profitability. Utilizing a two-stage Stackelberg game, we model the interaction between

an ISP and its users across two distinct scenarios: one where Internet use is exclusively for OTT consumption, and another where users engage with both OTT and general content. We derive optimal pricing and profit margins for standalone Internet, bundled, and hybrid subscription models. Our analysis identifies the specific cost thresholds that justify a hybrid strategy and demonstrates that as the cost of providing basic Internet rises, the hybrid model eventually collapses into a pure bundle strategy. Furthermore, we investigate how the availability of free OTT content influences user decision-making and the ISP's overall market share.

METHODOLOGY:

FRAMEWORK OF THE STUDY:



RESEARCH DESIGN:

- **Type:** Descriptive and Analytical Research.
- **Variables:** Independent (Price, Income, Content Variety); Dependent (Subscription Stickiness, Value Perception).
- **Tools:** SPSS/Excel for data computation.

DATA ANALYSIS AND INTERPRETATION:

Table 1: Demographic Profile (N=60)

Variable	Category	Frequency	Percentage
Age	18-25 years	35	58.3%
	26-40 years	20	33.3%
	41+years	5	8.4%
Gender	Male	28	46.7%

This study utilizes a quantitative research approach. Data was collected via a structured questionnaire distributed to 60 respondents using convenience sampling. The primary data was analysed using descriptive statistics, ANOVA, and F-tests to test hypotheses regarding pricing and consumer behaviour.

SCOPE OF THE STUDY:

The study focuses on urban OTT viewers. It examines perceptions regarding monthly vs. annual plans, the impact of ad-supported tiers, and the psychological threshold for price increases across major streaming services.

	Female	32	53.3%
<b>Occupation</b>	Student	30	50.0%
	Professional	22	36.7%
	Others	8	13.3%
<b>Monthly Income</b>	Below Rs. 25000	25	41.7%
	Rs. 25000–Rs. 50000	20	33.3%
	Above Rs. 50000	15	25.0%

Source: Primary Data

**Interpretation:** The majority of respondents are students and young professionals (18–35), indicating that the OTT market is driven by Gen Z and Millennials with moderate to low disposable income.

**Table 2: Subscription Fee Distribution**

Monthly Subscription Spend	Frequency	Distribution (%)
Below Rs. 500	25	41.7%
Rs. 500 – Rs. 1000	20	33.3%
Above Rs. 1000	15	25.0%

Source: Primary Data

**Interpretation:** Most users prefer budget-friendly tiers. There is a significant drop-off as prices exceed the Rs. 1000 mark, suggesting a price ceiling for the average consumer.

**Table 3: Mean Proportion of Pricing & Number of Subscriptions**

Metric	Mean	Std. Deviation
No. of Subscriptions per User	2.4	1.1
Perception of Fair Price	3.8/5	0.9

Source: Primary Data

**Interpretation:** On average, a user holds between 2 and 3 subscriptions. The mean score of 3.8 suggests that users generally feel OTT pricing is "fair" but nearing a tipping point of being perceived as expensive.

**Table 4: One-Way ANOVA for Pricing Satisfaction and Stickiness**

Source of Variation	SS	df	MS	F	Sig.
Between Groups	12.45	2	6.225	4.85	.012
Within Groups	73.12	57	1.283		

**Interpretation:** The p-value (.012) is less than 0.05, meaning there is a statistically significant difference in subscription stickiness based on income levels. Higher-income groups are less likely to cancel when prices rise.

**Table 5: One-Way ANOVA for Price Sensitivity and Pricing Flexibility**

This table tests whether different income groups vary significantly in their reaction to price hikes and their demand for flexible payment options.

Source of Variation	Sum of Squares	df	Mean Square	F	Sig. (p)
<b>Price Hike Impact</b>					
Between Groups	14.20	2	7.10	5.42	.007
Within Groups	74.65	57	1.31		
<b>Demand for Flexibility</b>					
Between Groups	1.15	2	0.575	0.44	.646
Within Groups	74.30	57	1.30		

**Interpretation: Price Hike Impact:** The p-value (.007) is less than 0.05, indicating that income level significantly influences whether a user will change or cancel their subscription when prices rise. Lower-income groups show a much higher likelihood of churn. **Flexibility:** The p-value (.646) is greater than 0.05, suggesting that the desire for flexible pricing (like pay-per-view or weekly passes) is universal across all income levels, not restricted to any one group.

**Table 6: Age Group vs. Perception of Most Affordable Platform**

This frequency distribution shows which platform is perceived as the "best value for money" across different generations.

Age Group	Amazon Prime	Disney+ Hotstar	Netflix	Local/Regional	Total
18–25 years	18 (51%)	10 (29%)	2 (6%)	5 (14%)	35

<b>26–40 years</b>	12 (60%)	4 (20%)	1 (5%)	3 (15%)	20
<b>41+ years</b>	3 (60%)	1 (20%)	0 (0%)	1 (20%)	5
<b>Total</b>	<b>33</b>	<b>15</b>	<b>3</b>	<b>9</b>	<b>60</b>

**Interpretation:** Amazon Prime is overwhelmingly voted as the most affordable platform across all age groups. This is likely due to the "bundled" nature of the subscription (including shipping and music). Netflix is perceived as the least affordable, particularly among the 41+ age group.

**Table 7: Age Group vs. Platform Loyalty (Stickiness)**

This table shows which platform users would continue to use even if the price increases.

Age Group	Netflix	Amazon Prime	Disney+ Hotstar	Sports/Specialty	Total
<b>18–25years</b>	15 (43%)	10 (28%)	8 (23%)	2 (6%)	35
<b>26–40years</b>	10 (50%)	6 (30%)	2 (10%)	2 (10%)	20
<b>41+years</b>	1 (20%)	2 (40%)	2 (40%)	0 (0%)	5
<b>Total</b>	<b>26</b>	<b>18</b>	<b>12</b>	<b>4</b>	<b>60</b>

**Interpretation:** Netflix has the highest stickiness among younger viewers (18–40 years). This highlights a critical finding: price is the primary concern for *entry*, but **exclusive content** is the primary driver for *retention*. Older viewers (41+) show more loyalty to Amazon Prime and Disney+, likely due to household utility and family-oriented content.

#### FINDINGS OF THE STUDY:

- Users identify Amazon Prime as the best deal, but identify Netflix as the platform they are most reluctant to cancel, even during a price hike.
- There is a market-wide demand for more granular pricing (e.g., Mobile-only or Single-genre plans) that transcends demographic lines.
- Price increases primarily affect the 18–25 age group, who are more likely to engage in subscription hopping (subscribing for one month to watch a specific show and then cancelling).
- Most users prefer budget-friendly tiers of pricing in the OTT platform.

#### SUGGESTIONS:

- Tiered Hybrid Models: Platforms should introduce more Ad-supported lower-cost tiers to capture the student demographic.
- Loyalty Discounts: Implementing Long-term pricing (2-year plans) could increase stickiness.
- Flexible Bundling: Allow users to pick and choose channels or genres to lower the total cost.
- Hyper-Personalized Tiers: Platforms should offer Sachet Pricing (small, short-term payments) to capture the price-sensitive Gen Z market.
- Content-Based Loyalty: To justify price rises, platforms should focus on franchise content that keeps users subscribed for multiple months.
- Consolidation: Regional players should look into Aggregatormodels where one price grants access to multiple smaller apps, as users prefer paying one moderate fee over several small fees.

#### CONCLUSION:

The study reveals that the perception of OTT value is a complex interplay between psychological price thresholds and content necessity. The research highlights a Value Paradox where Netflix, despite

being perceived as one of the most expensive platforms, maintains the highest level of stickiness. This confirms that exclusive, high-quality content functions as a buffer, allowing platforms to raise prices without triggering immediate mass churn. Amazon Prime's success in being perceived as the most affordable platform suggests that consumers value multi-utility bundles. When a subscription offers more than just video (e.g., shopping benefits or music), the perceived value per dollar increases significantly. There is a clear divide in price elasticity. The 18–25 age group (Gen Z) acts as nomadic subscribers, frequently moving between platforms based on promotional pricing and specific show releases. Older demographics (41+ years) exhibit more stable, brand-loyal behaviour but are less likely to adopt multiple premium-tier subscriptions. The universal demand for flexible pricing options (as shown in Table 5) indicates that the one-size-fits-all monthly model is becoming obsolete. To survive long-term, OTT platforms must move toward hyper-personalized pricing, such as sachet daily passes or genre-specific tiers.

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