

The Existence of Conventional Television Faces the Trend of Subscription Video Services (Over-the-Top)

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Abstract. Conventional television has been a medium of information and entertainment for decades. Along with the development of technology, entertainment media have become diverse. Traditional television faces competition, one of which is Over-the-Top (OTT) services or subscription video content via the internet. Some OTT service providers in Indonesia are Netflix, Ilflix, Mola TV, Vidio, VIU, Catchplay, Disney+Hotstar, and RCTI+. Throughout Covid-19, OTT users increased due to higher entertainment needs. This paper aims to provide an understanding of the existence of conventional TV facing OTT trends and how the media users' consumption patterns are changing. A systematic literature review (SLR) was carried out by collecting data and analyzing related research to OTT and TV usage for the last five years. The results show a shift in media consumption patterns among the younger generation, while the older generation tends to be more passive towards new media. The number of OTT users is increasing, but it has not been able to replace television completely. Instead of replacing, OTT is more of a complementary media or alternative media. This is due to subscription fees and technology adaptation are not within everyone's reach. On the other hand, OTT spoils the audience in terms of flexibility, variety of the shows, and attracts the younger audience segment which is the driver of the increase in the number of users.

Keywords: television, over the top, new media, media habit, media consumption

1. Introduction

The history of television in Indonesia began on the 17th Independence Day of the Republic of Indonesia on August 17, 1962. President Soekarno initiated the inauguration of the first television in Indonesia, TVRI, on August 24 of the same year. Throughout the period 1663 to 1976, local TVRI was established in various major cities in Indonesia. The information monopoly ended in 1989 with the establishment of a private television station, RCTI. A year later, SCTV was born, followed by TPI (now MNC TV), ANTV, Trans TV, Metro TV, Global TV, Lativi (TVOne), and TV7 (Trans7). Then other television stations emerged, including the proliferation of local television stations due to the network television policy (Astuti 2020) and cable TV or pay television.

Almost every house now has a TV, even more than one. Watching television has become a ritual of gathering together or simply filling the void. Often, watching TV becomes a companion when doing other activities at home. To watch one's favorite

program, one must be present at the time set in front of the television. If a program is considered to have a good rating, advertising pressure begins to flood the commercial break, so that this break gets longer.

The development of technology and communication now makes television compete with new media. The internet and digitization have become a challenge for conventional media such as television. The phenomena triggers media convergence by changing traditional media to digital, which affects changes in consumer interactivity and the content in it (Haquu 2020).

Another challenge experienced by television recently is the emergence of over-the-top (OTT), which is an internet-based content service provider. The services provide various content ranging from serials, films, reality shows, documentaries, and even magazine programs. Over-the-top spoils the audience with various local and international shows. The shows are equipped with subtitles in multiple languages that can be easily selected by users. Unlike television that requires viewers to stand by in front of the screen during its viewing hours, OTT content can be watched by audiences anywhere and anytime armed with a smartphone, smart TV, laptop, or other gadget. User mobility is no longer a barrier to watching favorite programs.

According to The Trade Desk, there has been an increase in OTT usage in Southeast Asia during Covid-19. As many as 57% of the 4,500 respondents admitted that they spent more on OTT content consumption during the pandemic (The Trade Desk 2020). A number of protocols and mobility restrictions throughout the pandemic have led to the closure of various entertainment facilities. People are encouraged to spend more time at home. The long-lasting Covid-19 has certainly made people bored and looking for entertainment without leaving home. OTT is an easy-to-reach alternative.

According to a survey conducted by Kantar and The Trade Desk, the increasing number of Indonesian OTT users is even faster than other countries in Southeast Asia. The survey involved OTT users from Indonesia, Singapore, the Philippines, Malaysia, Thailand, and Vietnam. OTT is claimed to be able to reach 40 million consumers in Indonesia (Suhartadi 2020).

Comscore, another research organization, also released an increase in OTT usage before and after the pandemic. Figure 1 shows a significant increase in OTT viewing duration during the early days of the pandemic. Figure 2 shows the increase average OTT usage per year during pandemics. In January 2019, the average OTT consumption was only 4 hours per user. It rose to 4.4 hours in January 2020 and continued to rise to 4.9 hours per user in June 2021 (Rich and Lipsman 2021)

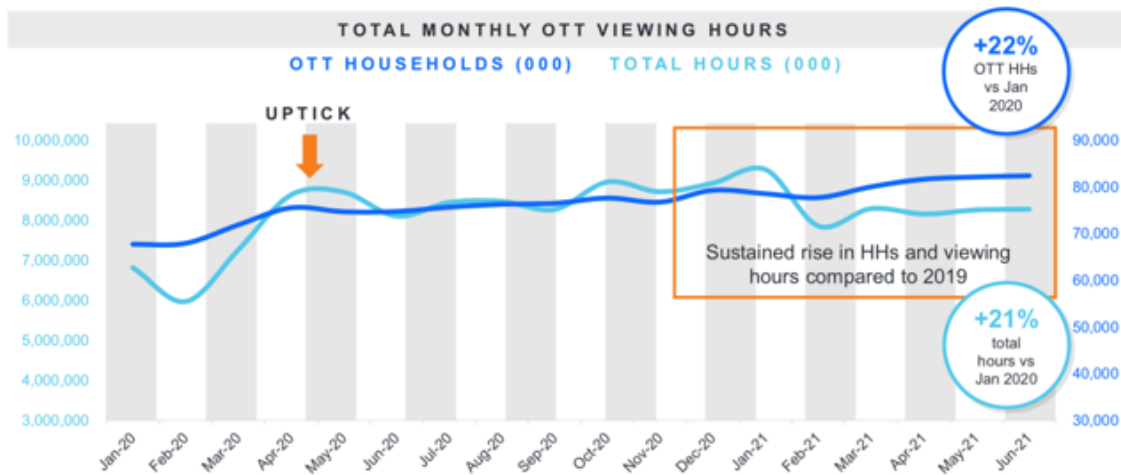


Figure 1. Illustration of the duration increase in OTT usage during the early period of the pandemic (Source Comscore 2021)

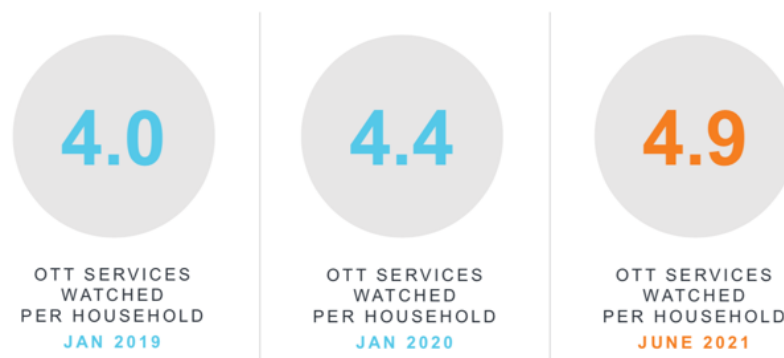


Figure 2. Illustration of the increase average OTT usage per year during pandemics (Source Comscore 2021)

The trend has made the emergence of various OTT service providers. Among them namely Amazon Prime Video, Catchplay, Iflix, Mola TV, MNC Media, Netflix, Vidio, VIU (Gaikwad and Rake 2021) Disney+Hotstar, RCTI+, Vision+, and so on (Manggalani and Prastya 2021) To enjoy OTT services, the user must pay the subscription cost. Some platforms use a bundling strategy with internet providers or provide free episodes to impress the audience, and provide free services for the first episode of certain shows. These various forms of promotion are increasingly encouraging people to use OTT services.

The Minister of Communication and Information Technology stated that the power attraction of OTT is the freedom of the users to choose whatever and whenever content they want (Manggalani and Prastya 2021). OTT service that utilizes digital technology also transmits the mapping of market tastes and audience demographics clearer than the conventional pattern. The massive movement of OTT has also shifted the Indonesian film industry ((Fauzan 2019) In fact, the film industry has survived much longer than television. The situation was more aggravated by the pandemic that had stopped cinema operation. People should follow a fixed schedule for watching tv and cinema, unlike OTT users who are free to control the shows they want.

Television also has similar claims if OTT is claimed massively and aggressively hooks many users During Covid -19. Nielsen Television Audience Measurement (TAM) monitoring results showed average viewership television experience enhancement from an average of 12% to 13.8% or equivalent to addition of around 1 million viewers, while screen time duration of television increased more than 40 minutes in March 2020—the beginning of Covid-19 (Nielsen 2020) While people refuse the cost subscription of OTT, then *free-to air* TV can be an alternative media for obtaining information and entertainment for free. It can be accessed with a very diverse selection of channels.

Meanwhile, audio-visual media could provide direct experiences (Nielsen 2020) The experience of hearing and witnessing an event through video is easier to persuade people and engage by the message conveyed. The message is driven through the picture, camera movement, shooting angle, color temperature, and atmosphere built by audio and sound effects. The reality of a message is stronger when it is presented in audio-visual form rather than just text (Maj and Lewandowsky 2020) The power constructs the media that offers audio-visual content, such as television and OTT, could keep going exist in society.

Competition television and over-the-top due to technological developments emphasizes the new medium theory initiated by Mark Poster in the 1990s. Poster emphasizes how interactive technology will change the concept of mass to be more personalised, the emergence of social networks, and new characteristics in the dissemination of broadcast media. Meanwhile, David Holmes explains six things that distinguish between first and second media waves, namely production pattern, communication pattern, control, society's position before the media, audience classification, and user orientation (Littlejohn 2017:148–49)

However, the existence of new media is not solely able to replaces pre-existing media. In *complementary channel theory*, Mohan Dutta mentions that new media can be a complementarity channel with the old channel used (Littlejohn 2017:177–78). Human can choose what channels and media they want to be exposed, according to the satisfaction they want to feel. OTT can support the existence of television by cross-content and support the flexibility of viewing to the user preferences.

The existence of television and OTT media will not come true without media consumers. To find out how consumers regulate media usage, there are two that support this study, namely *social action media studies* and *uses and gratification theory*.

In *social action media studies*, media usage depends on the perception of a person in a group and how media habit affects human interaction with their environment. The consumer could not control the content presented by the media. Still, the consumer can choose appropriate content preferences for entertainment, seek information, as a social identity or integration in social interaction (Littlejohn 2017:173). At the same time, the *uses and gratification theory* depart from users' perceptions by emphasizing what to do with existing media. Media use can vary between individuals to fulfill their expected needs and goals (Griffin, Ledbetter, and Sparks 2019:246).

This article aims to provide an overview of the dynamics of television audiences by the existence of OTT as a new media. The changes in media consumption patterns

becomes a critical discussion for media stakeholders, business strategy stakeholders, and marketing and communication students.

2. Method

This article was arranged by conducting a *systematic literature review (SLR)* by examining various literature, research, journals, reports, and other related to the object of this paper for the last five years. Data collection is carried out through literature studies by examining, research, journals, and other references to this article. The result of data collection compared to find similarities and differences between different units of analysis (Pawito 2007). The previous research data collection was analyzed descriptively to provide an understanding of how conventional TV exist with the existence of OTT and how audiences shift in media consumption (*audience analysis*).

Over-the-top and television are the main object of this research. As a media that has existed for decades, television has been widely studied from various aspects. However, over-the-top research has hard to find in Indonesia. OTT studies in Indonesia mostly discussed copyright protection, business investment, taxation, international affairs, and content monitoring. The author has not found studies related to the dynamics of television audiences in the existence of OTT in Indonesia.

3. Results and Discussion

Conventional television and OTT are media that have different characteristics. Firstly, television is a media that has been successful for decades and has an extensive broadcasting transmission network. Meanwhile, OTT is a new media that tends to be newer and relies on the internet speed and network stability in content distribution. Speaking of technology, the age gap is a significant determining factor. The older generation, such as *baby boomers*, has difficulty adapting to the new technology, so they have a tendency to choose conventional media. Adapting and learning the new technology, such as OTT, are big problems and the technology applied by OTT can be a difficulty for the older generation (McKinley 2018). Whereas younger generation, such as Millennials and Generation Z, are concerned with convenience in media selection, do not like to be bothered with devices, and quickly adapt to the technology, have tendency to choose OTT (Elias 2019). At this case, the age of the user is very influential in choosing the media used.

Secondly, television services can be enjoyed freely (*free to air*), while OTT services have applied subscription costs. User income is an essential factor in media selection. Free-to-air TV is the ultimate choice for those who don't want to pay subscription fees and have a low income (Udoakpan and Tengeh 2020) or adjust OTT subscription options according to their income (Elias 2019). Besides, costs context also affect the content that is aired (Heresco and Figueroa 2020). Furthermore, those with high incomes choose OTT as a complementary service to television (Udoakpan & Tengeh, 2020). As an alternative for financing problem, users could select account sharing to reduce subscription costs (Sadana and Sharma 2020). OTT providers often offer bundling promotions to attract the consumer. For example, OTT providers give good deals for the family subscription that

possibly be used by more than tow user or offer a lower price for a longer subscription period.

Third, the convenience factor related to the presence of advertisements. Television has commercial breaks between programs, while OTT users won't disturb by advertisements. Users are less appreciative of the presence of advertising. The existence of paid services is favorable for them. Users who dislike these interruptions, there is understanding that paid services are more profitable (Elias 2019). The higher the TV program rating, the longer the commercial break will last.

Fourth, flexibility device. People must use a device that is attached and not easily portable to watch traditional television. In contrast, OTT only requires an internet connection and a smartphone to access it. OTT is aan options for those who have high mobility, so the required device tends to be simpler (Udoakpan and Tengeh 2020).

Fifth, flexibility time. Television requires users to follow a show at certain times. In comparison, OTT can personalized (Singh 2019) and is more flexible for users (Sadana and Sharma 2020). For users who have high mobility and busy activities, television does not support their needs that demand flexibility. OTT is one of the alternative entertainment media for this group.

Sixth, the content presented. Content is the main key in the entertainment (Sadana and Sharma 2020). TV provides content at a fixed schedule. Meanwhile, OTT presents various content that users can access anytime and anywhere as needed. The choice becomes very diverse (Sadana and Sharma 2020), and users can access even international content through OTT (Singh 2019).

Seventh, network stabilization. Indonesia has several national television stations. The television industry will become a reliable medium several times because commodities in television industry have a wider network (Heresco & Figueroa, 2020). In comparison, OTT relies on the internet speed. The instability of internet networks is a barrier to the growth of OTT users. OTT providers must pay attention to the availability of telecommunication (Sadana and Sharma 2020). The existence of OTT, which depends on the internet network, still needs maintenance as well as enhancement of capacity-qualified technology (Bjelica, Rikalovic, and Ilkic 2016) in various regions in Indonesia, not all of which are covered by speed data rates. Looking forward to the demographic conditions of the users and the existing telecommunications support, the industry will still be around for at least ten years (The Trade Desk 2020).

According to the research conducted previously, the existence of OTT has changed media consumption patterns.

Elihu Katz, through uses and gratification theory, states media usage focuses on the user, not the message (Littlejohn 2017:174). OTT is part of digital media spoils users with content personalization. It has the strength of OTT to attract (Perju-mitran 2018). The younger generation, easily exposed to technology, prefer OTT as an entertainment channel. Behavior change at a younger occurs due to convenience in services, personalized media, as well as overgrown smartphones penetration (Singh 2019)

Social action media studies initiated by Gerard Schoening and James Anderson are the theory that speaks about motivation media use. The theory mentions that media users

cannot be categorized by mass because each has views, ideas, and different interests. One theoretical assumption is that media usage patterns are constantly changing (Littlejohn 2017:171). Sometimes, people choose television to break the silence at home. Other time, someone watches TV all day to follow information updates straightforwardly. The increasing number of OTT users happened because of restrictions during Covid-19 and in need of alternative entertainment besides television. Consumption patterns might decline if the situation improves.

Social action media studies also mention that the media consumption chosen by users is also based on the behavior and social interactions of users with the community (Littlejohn 2017). The theory and research conducted by Shu-Chu Sarrina Li show that lifestyle plays an essential role in OTT selection. The mechanism of interpersonal communication makes the media feel more personal-oriented and appropriate to the specific needs (Sarrina Li 2020). Research to identify users' motivation in choosing media found a similar result. Media usage pursues the perception of social status (Saini and Gupta 2020). In a social situation, communication can be established when the members have common topics to start a relationship. For example, the similarity of watching drama series with certain titles on OTT services. In addition, content consumption also shows a person's social class. For example, television news is consumed more by the upper middle class and housewives consumed the entertainment program more than career women.

As technology continues to evolve, competition among media will be the more challenging. Content is the key to strength in the entertainment industry and content. It is also influenced by the costs incurred. Viewers who are used to watching television for free will have certain expectations of the shows they pay for. The emergence of new media also changes consumer behavior due to the costs incurred and the effects of promotion or offers from OTT providers (Sadana & Sharma, 2021). People who do not care about the existence of OTT become interested due to the specific programs that attract attention or promotional price offered.

OTT does look promising. Apart from being beneficial for consumers, digital media usage makes it easier for advertisers to aim at the target more precisely (Perju-mitran 2018). Though the increasing number of OTT users is promising, media switching (*cord-cutting*) is straightforward and heavier rather than simply changing user behavior (*cord-shaving*) (Baccarne, Evens, and Schuurman 2013). Replacing media (*cord-cut*) is not easy as a new media challenge. Instead of replacing, the two can coexist by change the consumption pattern (*cord-shave*). Channel complementary theory shows that the existing television will stay longer with OTT because of the above aspects. OTT and TV must establish a good relationship due to the new media can not replace it, but open the possibility to keep existing and mutually side by side (Sadana and Sharma 2020).

4. Conclusion

OTT media's existence significantly impacts the dynamics of television audiences. The strengths of OTT are flexibility of impressions, devices, and content personalization. Meanwhile, the power of television media is in its wide reach, free and accessibility.

Furthermore, OTT requires technological adaptation. Younger and affluent people are more likely to be exposed to OTT than older people. Adaptation technology has become a big issue for older generations.

In addition, the significant issue of OTT services is the subscription cost. Expenses incurred to enjoy a service content will shape the paradigm in the broadcasting industry. It is taking severe note of cost transmission in the creative commodification industry and the demographic of television users. The media could accommodate high production cost programs with large capital and vice versa. The thing also makes the various provided content.

On the other hand, television has the disadvantages of no less complex issues, due to the commercial disturbance, non-flexible devices, and fixed showtimes.

The opportunities are taken from the second situation above that mobility of the young generation and the demand for time flexibility, make OTT more suitable for this generation. OTT is also able to provide more personalized viewing according to individual preferences. Along with the gadgets penetration and technological advancement, OTT may grab the bigger market.

However, OTT cannot immediately replace the domination of television. Television still has the opportunity to keep exist by noticing that their audience comes from the older generation, so they should adjust the content and showtimes, and advertisements could be conducted by television without interrupting the audience.

In terms of business threats, OTT and television not only compete with each other but also online games, streaming services, content provider, and social media. The last but not least, internet network and willingness to pay subscription cost are important aspects in media selection for users.

Acknowledgements

We would like to thank the Ministry of Information and Communication of the Republic of Indonesia for granting scholarships and funding research.

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