

# Streaming Satisfaction Report

## Evolving Perceptions of Value: The Shifting Sands of SVOD

US Edition | June 2022

### Key Highlights

- Following its recent price increase and facing greater competition from rivals, Netflix ranks last in the industry in terms of perceived value. This appears to have fueled its recent subscriber losses in the US.
- The contrast in perceived value between HBO Max and Netflix is stark, as HBO Max emerges with a clear lead over Netflix and most other SVODs across virtually all satisfaction and loyalty measures.
- Apple TV+ made by far the biggest gains in customer satisfaction and likelihood to keep a service, fueled by audience enthusiasm for its slate of original series.

# Introduction

What a difference a year makes. When we released a similar analysis in 2021, Netflix was among the leading SVODs in customer satisfaction and was the runaway leader as the indispensable streaming service. The platform was at the top of its game, enjoying a lead it built in an environment of minimal competition. But, after a period of remarkable growth that was accelerated by the Covid-19 pandemic, the SVOD marketplace has matured. Consumers started comparing Netflix's content with that of its new competitors, took into account its recently increased price, and the perception of the service took a hit. Perception met reality on April 19, 2022, when Netflix announced a net loss of 200,000 subscribers worldwide, including over 600,000 in the US/Canada region<sup>1</sup>. Wall Street erased a third of the company's value in one day. As a result, observers re-evaluated the company's future, as well as the subscription video business as a whole.

Meanwhile, rival services HBO Max and Disney+ have solidified their already favorable positions in consumers' minds, and at lower price points than Netflix's. Apple TV+ has made the greatest gain in satisfaction, built on the success of its original series, though it still trails most of the SVODs in overall satisfaction.

While the industry sorts out how to make subscription video on demand profitable, there is no doubt that the consumer continues to demand SVOD. However, the marketplace is dynamic, and consumers often cancel one subscription while acquiring another.

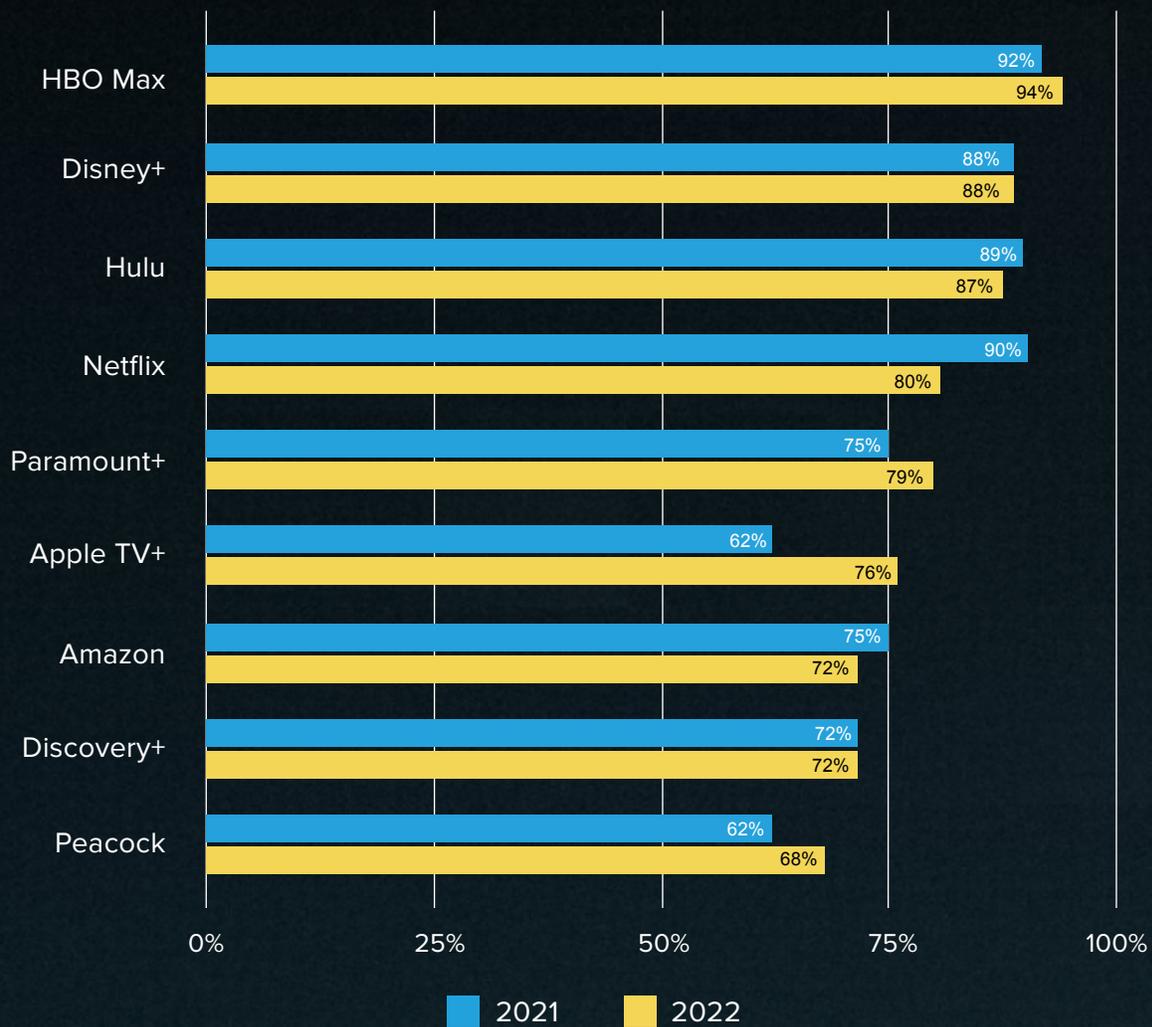
Whip Media surveyed nearly 2,500 users of our TV Time app in the US to uncover their satisfaction with, and perceptions of, these services. Satisfaction as a metric is more sensitive than just looking at subscriber counts. After all, many people stay with a service for a time, even if they are less than happy, before they cancel. Many have speculated about why the consumer may have behaved a particular way, but these results put specific weight to these platforms' elements, revealing why users are, or are not, churning. This is especially relevant for Netflix, as the causes of their recent losses, and projected ones, are put into clear focus. The results are instructive for all, though, as understanding how consumers view their offerings is key to succeeding.

# HBO Max Cements Its Lead As The Most Satisfying SVOD, Netflix Falls

HBO Max has the highest satisfaction (very satisfied plus satisfied) among the major SVOD platforms. In 2021, HBO Max also led on this question, but it now has a higher margin of victory. Netflix ranked a very close second last year but fell to fourth on the list, due to a 10 point decline, the most significant in the survey. Apple TV+ made the strongest move to the upside, increasing 14 points in satisfaction. Last year it was the lowest performing service on this measure; it has now moved ahead of Amazon, Discovery+ and Peacock.

## Overall SVOD Satisfaction | 2022 vs. 2021

Very Satisfied + Satisfied



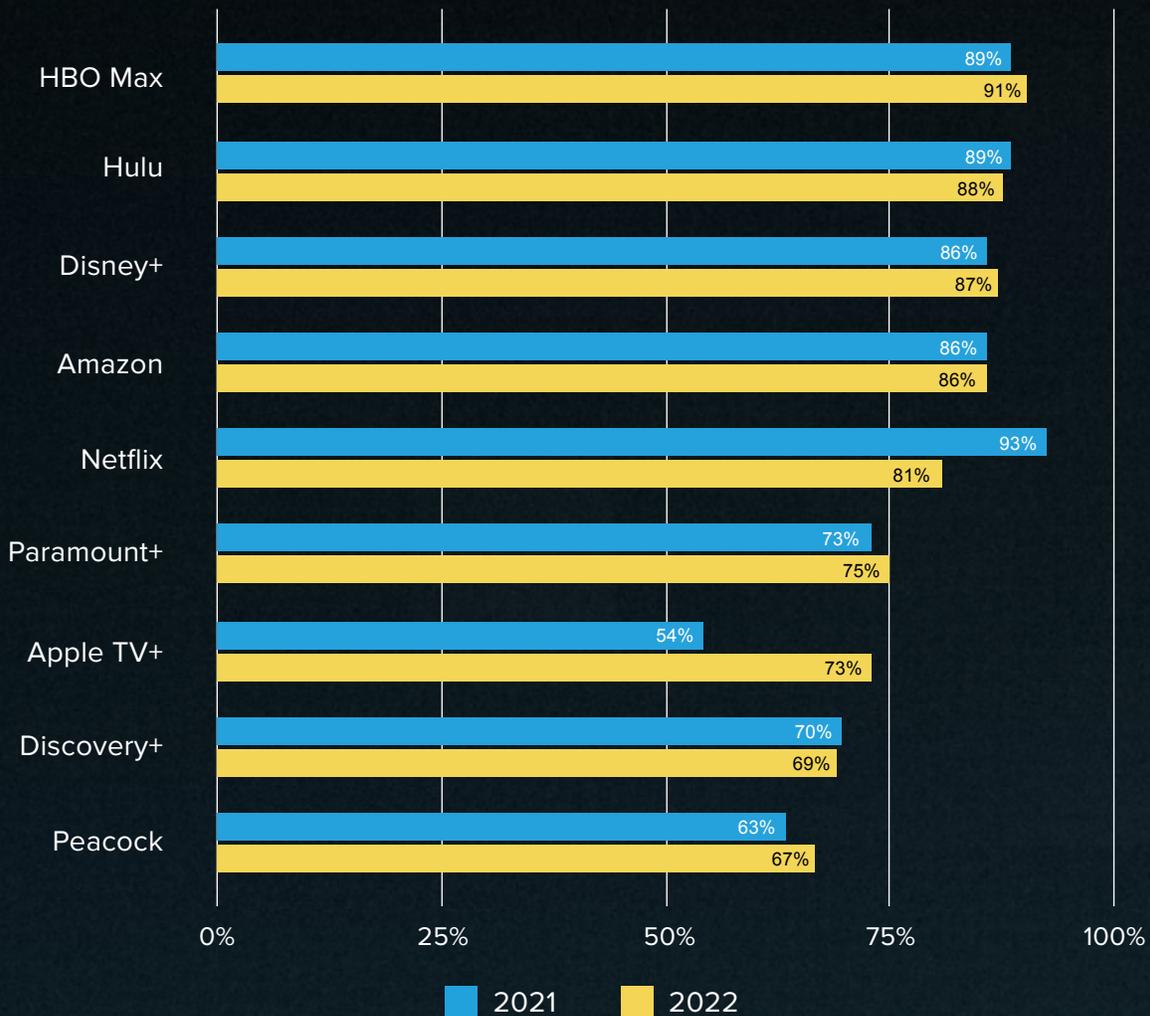
*Only participants who were subscribers to the specific platform at the time of the survey could respond to the question.*

# Netflix Users Less Likely To Keep The Service Than Last Year, Apple TV+ More Likely

Most SVOD users plan to hold onto their services, but across a range of likelihoods. Like last year, HBO Max, Hulu, and Disney+ form the top tier on this question. Amazon is there too, but given their lower satisfaction scores, this likely has much to do with other benefits of Prime membership. Netflix saw the biggest decline, a 12 point decrease. It was top of the list last year, but is now ranked fifth. Apple TV+ made the strongest gain, up 19 points.

## Likelihood To Keep Service | 2022 vs. 2021

Very Likely + Likely

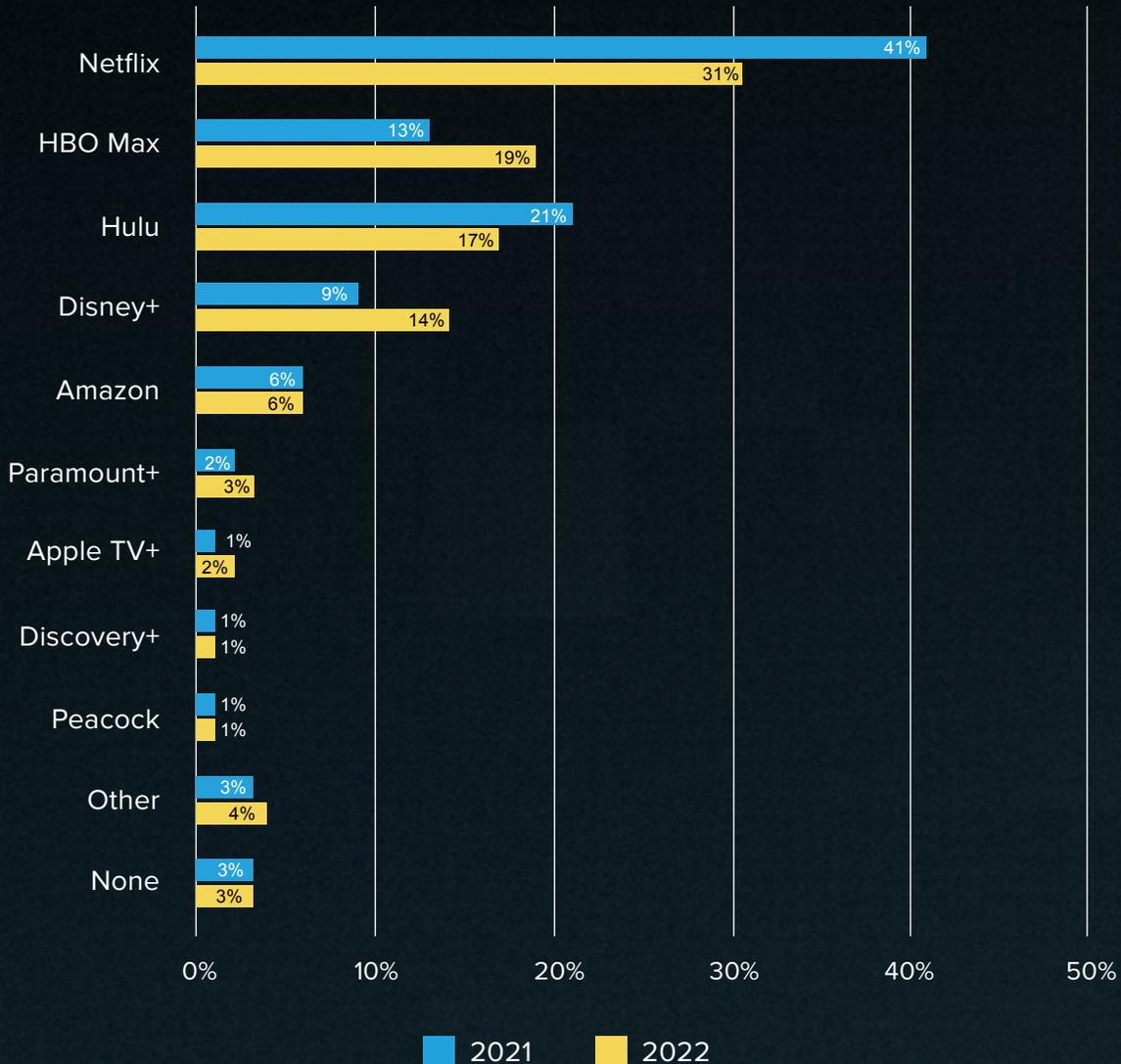


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# Is There An Indispensable Service?

Netflix continues to be the service that a plurality of consumers view as indispensable. However, that dominance has been significantly diminished over the past year. HBO Max picked up 6 of the 10 points Netflix declined on this question, moving past Hulu into second position. Netflix's lead over its closest competitor is down to only 12 points; last year it was 20. It is worth noting that among respondents with children, Disney+ goes up to 18% on this question, moving it into second place, but only a point ahead of HBO Max and 2 ahead of Hulu. No other service made a change of more than 2 points in that category.

## If You Can Only Keep One, Which One? | 2022 vs. 2021



# Elements Of Satisfaction

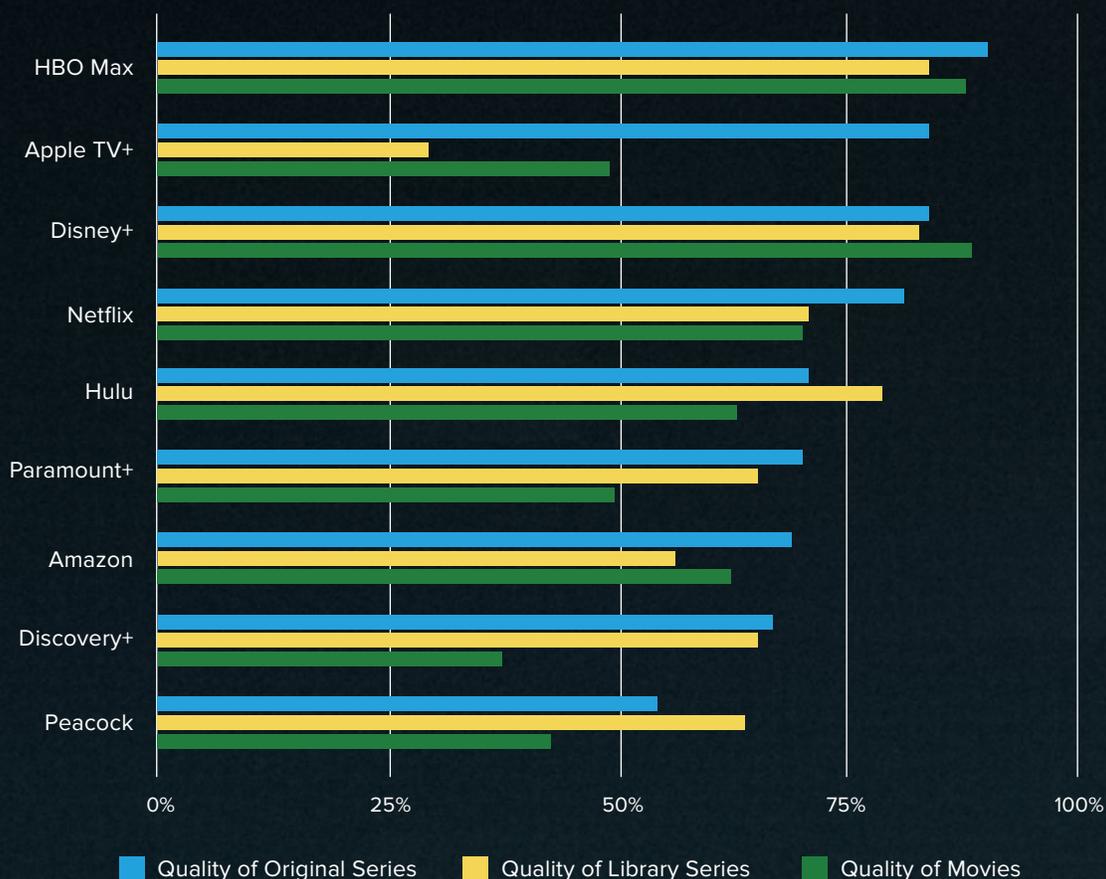
## Quality Of Programming

Subscribers were asked to evaluate each of the SVODs in terms of the quality of their original series, library series and movies. For these three types of content, HBO Max and Disney+ clearly lead in top two box satisfaction (very satisfied or satisfied). Viewers also see Apple TV+ as having high-quality original programs, but recognize that their library and movies are lacking. While Netflix also scores well with its original series, it is worth noting that it is 9 points lower than the similarly priced HBO Max. Netflix ranks ahead of most services on movie quality, but significantly behind HBO Max and Disney+.

Amazon, even with its large catalog, ranks only above Apple TV+ for quality of library. Hulu's strong performance on library is notable, benefiting from titles provided by its corporate parents Comcast and Disney.

### Quality Of Content Satisfaction

Very Satisfied + Satisfied



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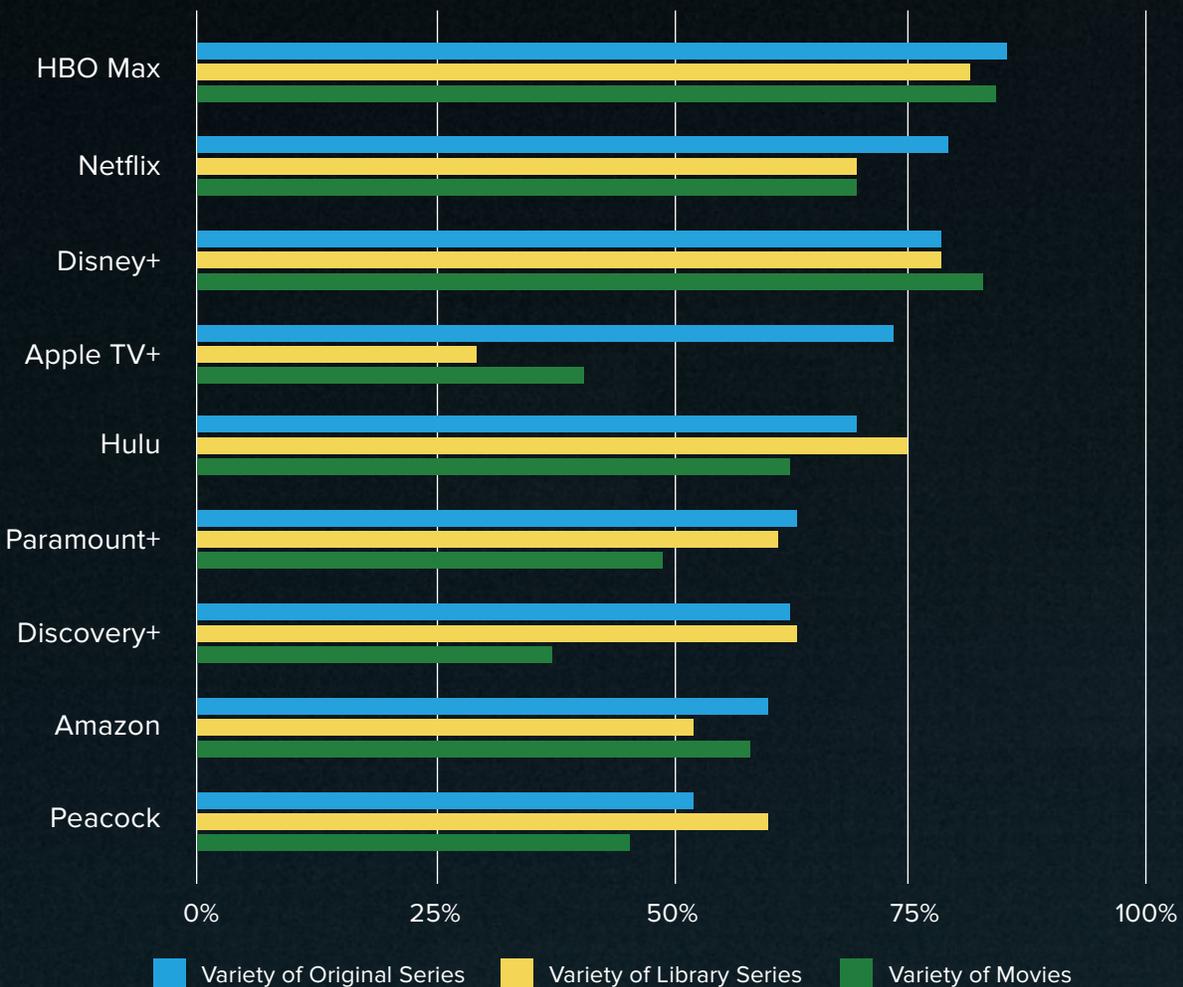
## Variety Of Programming

HBO Max leads in satisfaction with variety for every content category, with Disney+ close behind. Netflix's variety of originals earns them a more competitive position than on quality, but it still lags behind HBO Max and Disney+ on library and movies.

Hulu's library is again competitive with the leaders', while Apple TV+ is far behind everyone. Amazon is again unimpressive on all three types of content, despite its large amount of titles. It ranks behind Discovery+ for variety of series (originals or library). Discovery+'s brand is narrower than Amazon's, so this result should be of particular concern to Amazon. It is also noteworthy that Paramount+ and Peacock, both backed by major Hollywood studios, rank rather low on satisfaction with their variety of movies.

### Variety Of Content Satisfaction

Very Satisfied + Satisfied

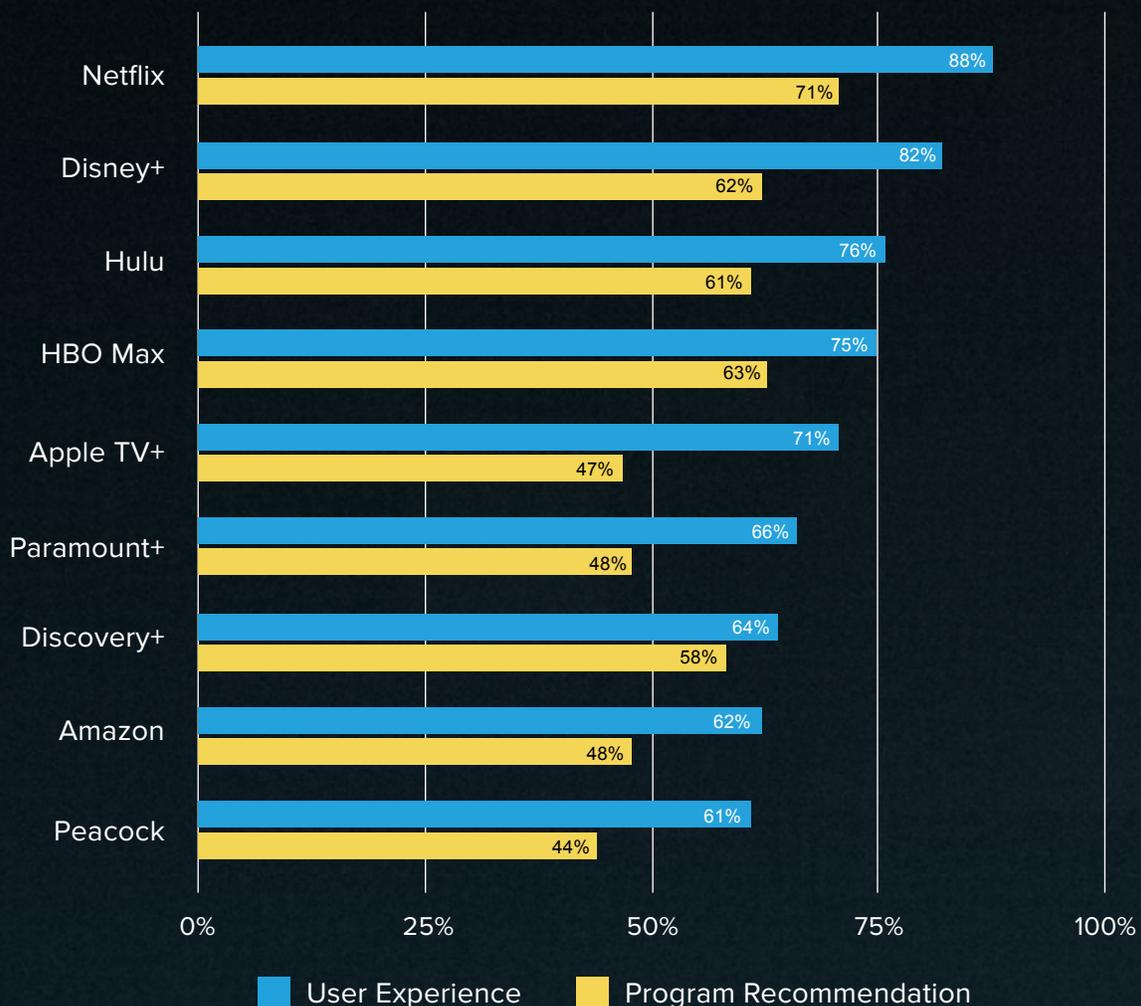


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## User Experience / Program Suggestions

Despite faltering on content satisfaction measures, Netflix is clearly best in breed for both user experience and suggesting content to subscribers. It is somewhat surprising that Amazon, the most experienced streamer after Netflix, ranks near the bottom on both of these aspects. Given their data-driven focus, one might expect their recommendation engine would rank higher than most. It stands to reason that, given their large amount of content, their satisfaction scores could increase with some improvement in this area.

### User Experience / Program Recommendation Satisfaction Very Satisfied + Satisfied



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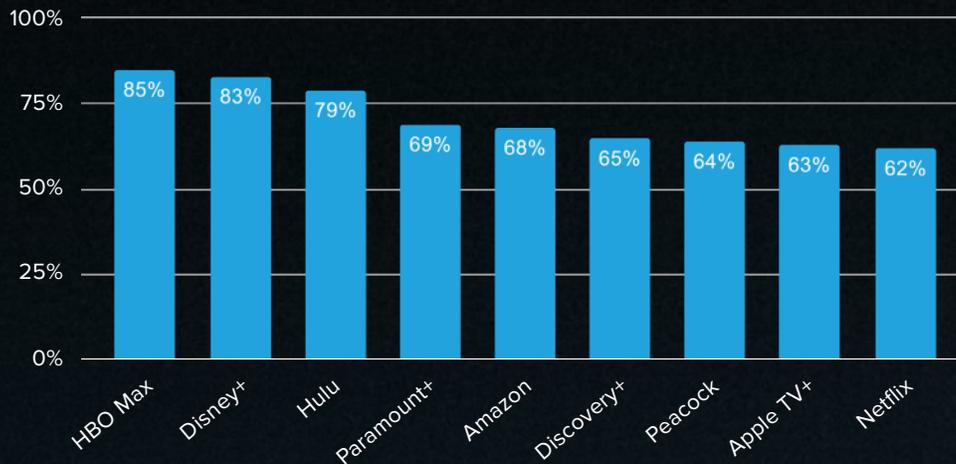
## Value

Satisfaction with the value a service provides is a key measure because it reflects the relationship between quality of content and price. The contrast in perceived value between HBO Max and Netflix is perhaps the most important finding of this research. These services are similarly priced, (per month, Netflix standard service is \$15.49, HBO Max ad-free is \$14.99) and yet HBO Max is considered the most satisfying value of all the services we surveyed and Netflix was lowest.

### Value Satisfaction

Very Satisfied + Satisfied

*Only participants who were subscribers to the specific platform at the time of the survey could respond to the question.*

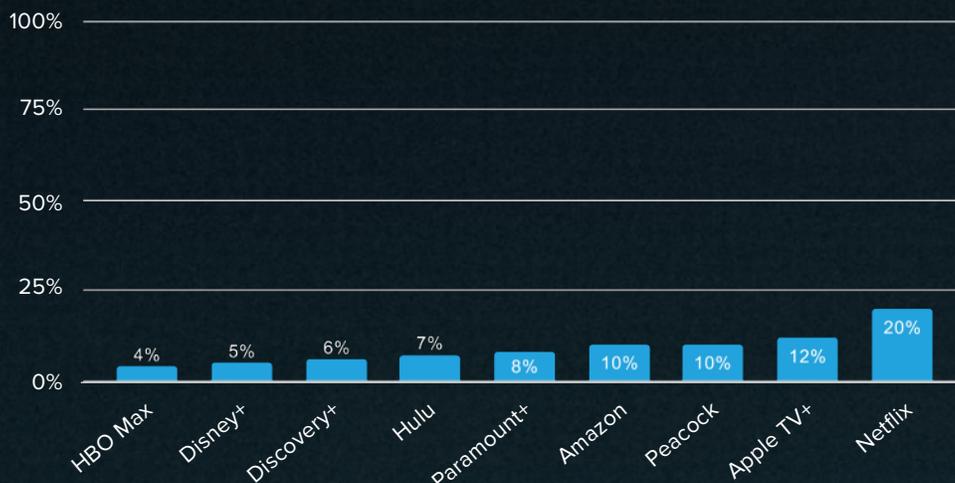


The platforms at the bottom of the list, Peacock, Apple TV+ and Netflix, are essentially the same in terms of top two box satisfaction. However, when we look at bottom two box satisfaction, which combines unsatisfied and very unsatisfied, users' negative feelings towards Netflix come into clearer focus. A noteworthy 20% of Netflix users expressed dissatisfaction with the service, 8 points higher than the next closest platform.

### Value Dissatisfaction

Very Unsatisfied + Unsatisfied

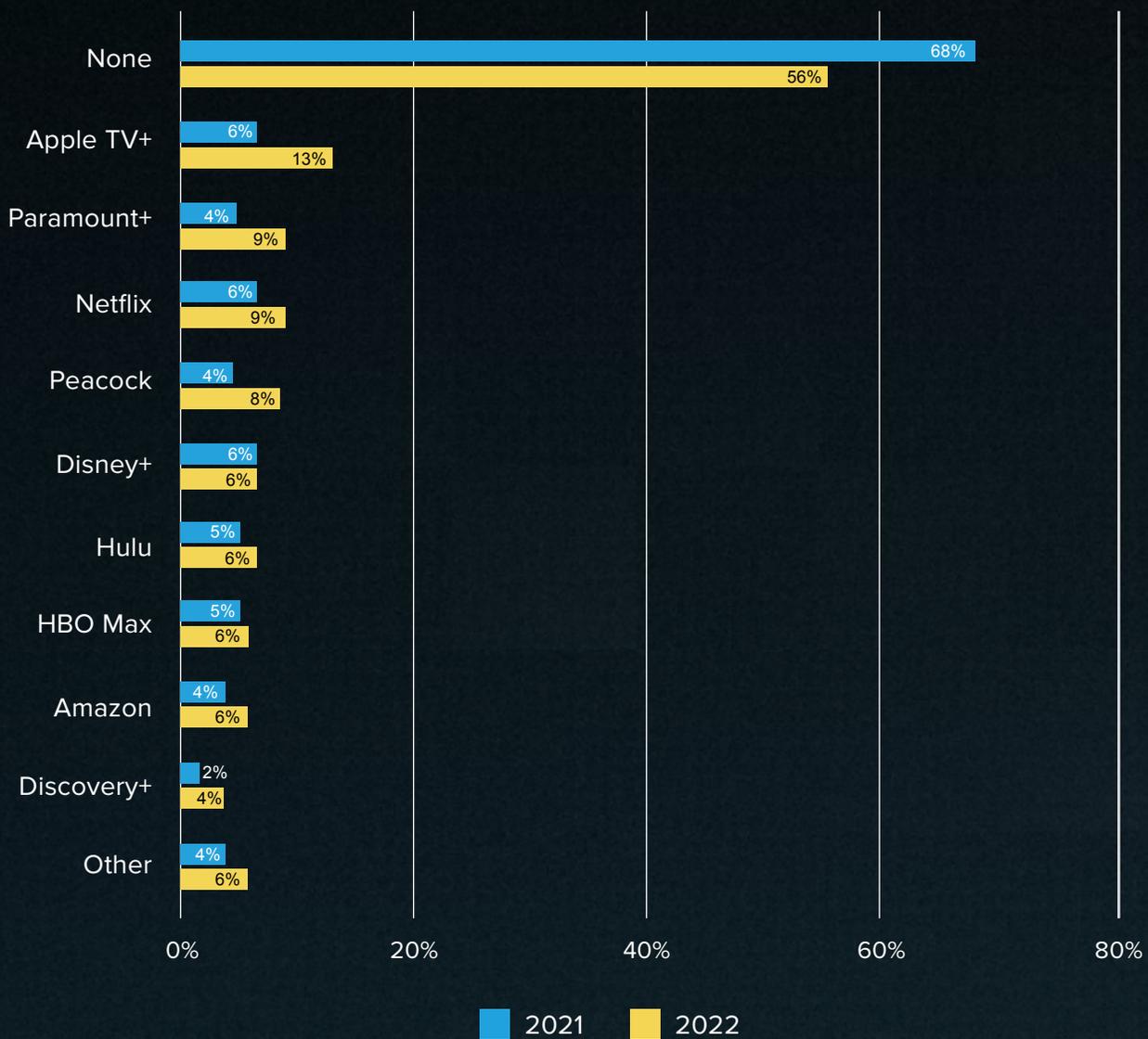
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## Churn

Video subscriptions continue to increase in general, but consumers are also canceling services more, often to move on to others. Last year, 32% of our respondents said that in the last 12 months they canceled at least one of the SVODs in our survey. That number rose by 12 points this year—and most of the platforms felt it. No platform saw a decrease in their cancellation rates versus last year. Apple TV+ had the biggest increase, though we can't say how much of that was due to expiring free promotions from device purchases.

### Canceled The Service | 2022 vs. 2021



# Why Did People Cancel Certain Services?

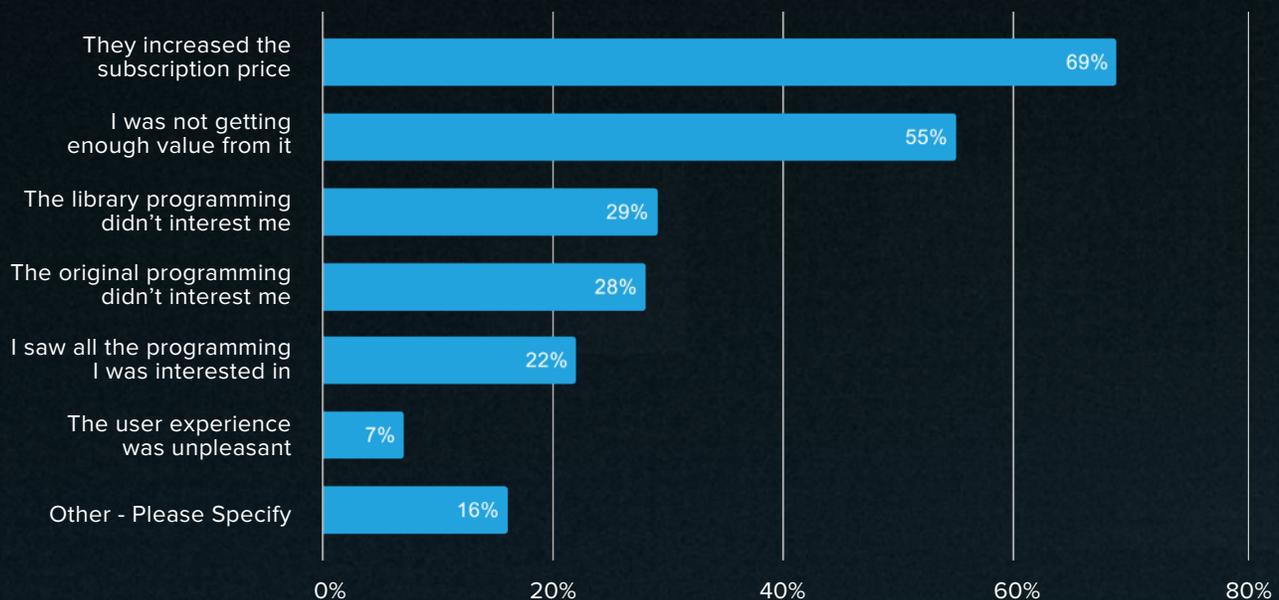
Some of the SVODs made changes to their offerings that we theorized might impact subscriptions. We asked respondents specifically about these issues to gauge their effect.

## Netflix

Value was clearly on the minds of those respondents who canceled Netflix. The number one reason our respondents cited for canceling Netflix was the price increase (69%). It is noteworthy that respondents were not limited to one answer on this question. The good news for Netflix was that only 22% cited seeing “all the programming I was interested in” as a reason. Cancelers of HBO Max and Disney+ cited that reason about twice as much.

### Why Cancel Netflix?

Among Those Who Canceled Netflix n=233

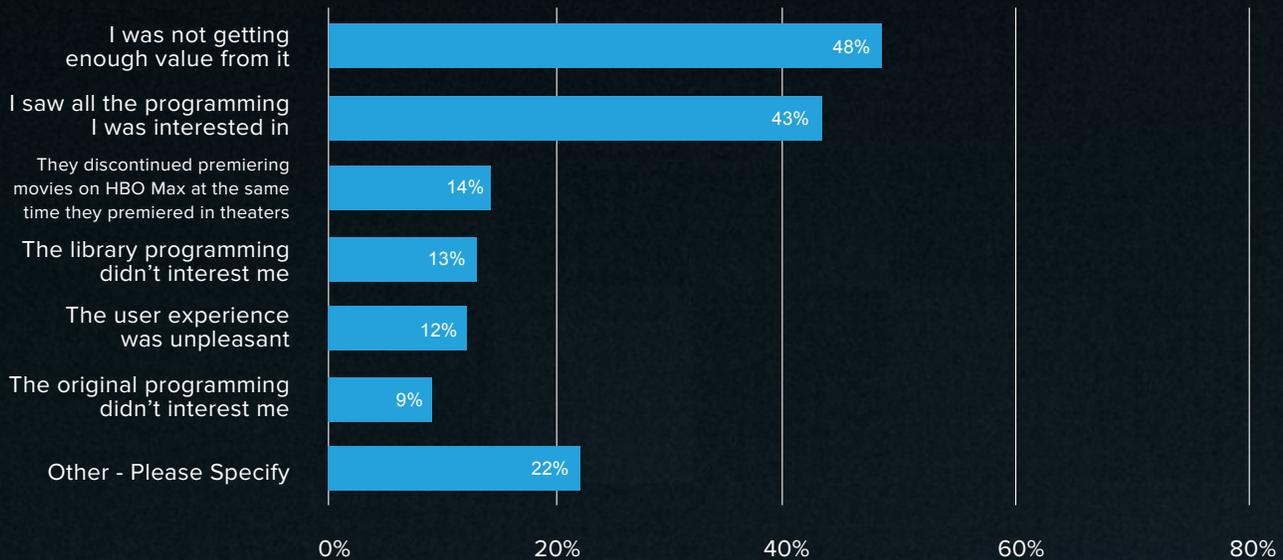


## HBO Max

As a response to the pandemic's impact on theater attendance, HBO Max effectively used Warner Brothers films to help drive subscriptions by putting them on the service at the same time they were premiering in theaters. That policy ended at the beginning of 2022 and we wondered if it impacted them negatively. Not so much: Only 14% of those who canceled cited this issue as a reason. Users were far more likely to cite exhausting all the content they had interest in as a driver to leave.

### Why Cancel HBO Max?

Among Those Who Canceled HBO Max n=139

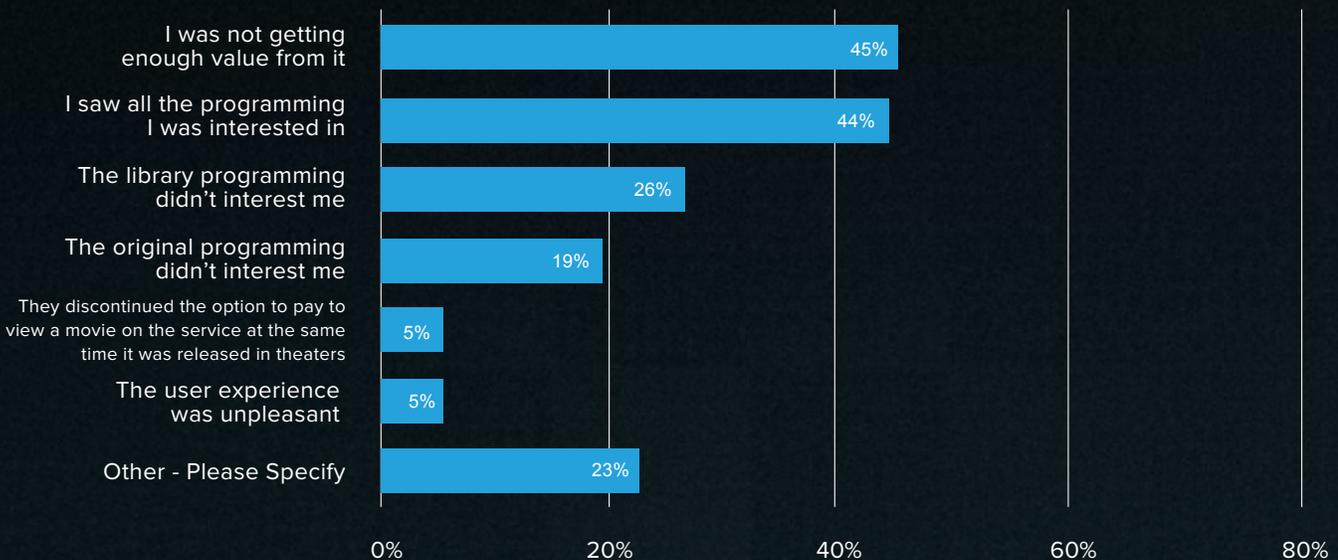


## Disney+

Disney made several films available for streaming simultaneously with their theatrical premieres in 2021 for an additional cost. This hasn't happened in 2022, and it doesn't appear to be a driver of Disney+ cancelations. At only 5%, this reason was chosen far less than the "I saw all the programming I was interested in" option (44%).

### Why Cancel Disney+?

Among Those Who Canceled Disney+ n=143



## Conclusions

By exploring the satisfaction with specific elements of their product, the platforms, and their suppliers, can understand how to better serve their customers. The results certainly confirm that content counts. While Netflix is at the top of the class for ease of use and program recommendation, users' satisfaction with the service has dropped significantly because they feel the price paid for the programming offered is not as equitable as it was a year ago. HBO Max, Disney+ and Hulu form the top tier in overall satisfaction and value satisfaction, so they are pleasing their customers. The others have areas they can address.

Apple TV+ has made great strides over the last year in overall satisfaction on the strength of its original series, but it still ranks near the bottom of the SVODs in overall value, despite a relatively low price. Suppliers with libraries to sell can justly claim that adding their product to the platform fills the single biggest hole in the offering and will make Apple's value proposition to the consumer much more compelling.

Both Paramount+ and Peacock have made modest gains in satisfaction versus last year. In the case of Paramount+, our respondents view the quality of their original series as on par with Hulu's and their library ahead of Amazon's. The perceived variety of both its originals and library is well behind Hulu's though, so suppliers can pitch projects to help diversify their slate. Peacock's original series ranked lowest in the survey so content providers have an opportunity with them too. Both services should see gains in satisfaction with their series and movies libraries as more of their licensed titles are returned to them from existing output deals.

Amazon's service clearly has a perception problem. Their library is enormous, yet viewers' perception of their quality and variety are ranked near the bottom of the list on satisfaction. The low regard expressed for their program recommendations is also puzzling, given their data driven approach and tech talent. However, part of program recommendation relies on having titles that users will like, and the results aren't encouraging there.

Finally, there is Netflix. Despite its well reported subscriber losses, and declines in satisfaction, Netflix is still in a healthy position. Its satisfaction scores for both quality and variety of original and library series remain strong. Its user experience is the best of all the SVODs. However, its service is now generally priced higher than its competitors (depending on the tier), and the competitors also have highly regarded content. They will continue to need compelling shows to compete, and they might want to more frequently do additional seasons of their hits, a strategy they've often shunned. That will help build their library and, maybe, prevent churn.

Understanding customer satisfaction is imperative, especially when their perceptions don't match reality. It also clarifies the size of known issues and lends them urgency. The industry may be aware of some of these issues, but the data shows that viewers know them too, and are acting on that information.

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<sup>1</sup> <https://www.hollywoodreporter.com/business/digital/netflix-q1-2022-earnings-1235132028/>

## ABOUT WHIP MEDIA

Whip Media is reimagining content licensing to create a smarter, more connected entertainment ecosystem. We help leading entertainment companies succeed in today's high-volume, high-velocity global content environment with a market-leading cloud software platform that combines unique, actionable insights with scalable, connected workflows for licensing, content planning and financial operations.

## ABOUT TV TIME

TV Time, a Whip Media company, is the world's largest TV and movie tracking app for consumers. Every day, over a million people use TV Time to keep track of the shows and movies they're watching, discover what to watch next and engage in a global community of more than 21 million registered fans.

For more information, visit [whipmedia.com](http://whipmedia.com)

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## METHODOLOGY

The survey was fielded with 2,460 US TV Time app users from April 29 to May 4, 2022. All results were weighted to balance with the US general population by gender and age (18-54). The 2021 survey was gender and age balanced for 13-54.