5 Ways **Streaming Services** Can Use Customer Experience to Reduce Churn

In an industry where content is king, poor CX can topple the crown

ATENTO

00 Introduction: **5 Ways Streaming Services** Can Use Customer Experience to Reduce Churn

The streaming industry is making the news. Again. First, it was as subscriber counts skyrocketed during the early days of the pandemic (subscribers topped one billion in 2020). Next, it was when an Apple TV+ show took home Best Picture Oscar for CODA or/ when viewers began spending more time streaming programming than watching broadcast TV.[1] Now the industry is making headlines in part because subscribers are jumping ship. While no one believes the streaming industry is in any real trouble, cracks in the armor — such as Netflix's subscriber retraction[2] and an average monthly churn rate of five percent[3] — should remind streaming companies that it's not enough to deliver great content.

Customer Experience (CX) matters. Across every industry, throughout the globe, **consumers are rejecting companies that ignore CX and embracing companies that make it a priority.** In the highly competitive streaming industry, the impacts CX can have on retention rates cannot be ignored. Nearly half of consumers will stop using an organization's services after a single negative experience.[4] With streaming subscription churn rates on the rise, companies cannot afford to give fickle subscribers another reason to cancel.

The Weighted Average Premium SVOD Active Monthly Churn Rate reached 5.2% by year-end 2021, up +2pts from the start of 2019

U.S. PREMIUM SVOD ACTIVE MONTHLY CHURN RATE
Weighted Average (2019 - 2021)
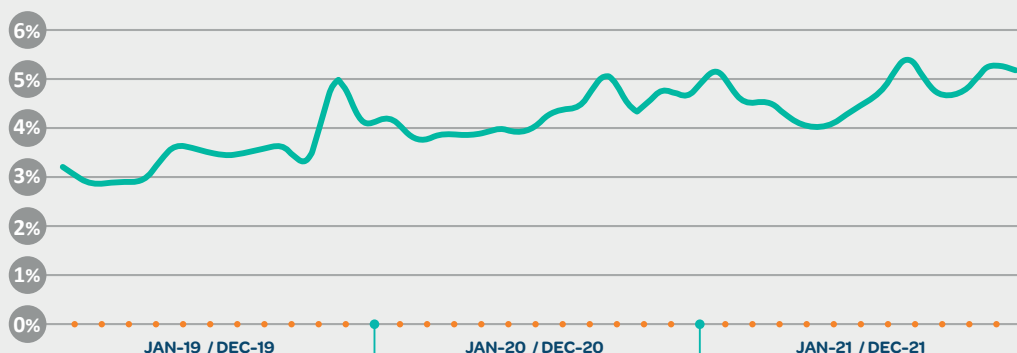
US-only. Premium SVOD includes Apple TV+, Discovery+, Disney+, HBO Max, Hulu (SVOD-only), Netflix, Paramount+, Peacock, Showtime and Starz. Excludes HBO Max Subscribers via Amazon Channels in Sep-21. Active Monthly Churn Rate excludes credit card declines.

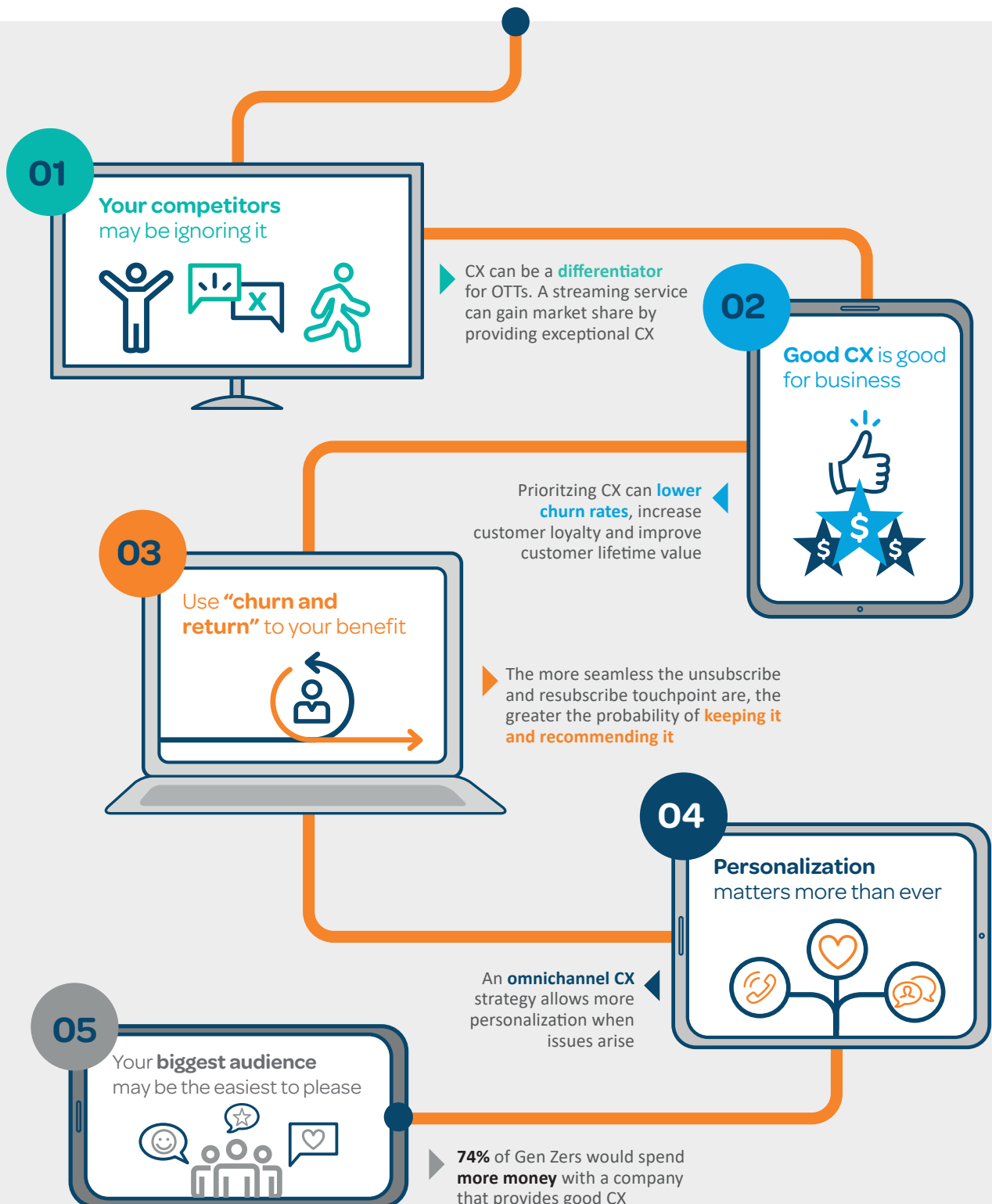**Source:** Antenna, Premium SVOD: Managing Churn.

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Streaming companies could be forgiven for initially deprioritizing customer experience (CX) in favor of delivering compelling content and an inviting user experience (UX). (Note that we're distinguishing between *user experience* — the platform's interface, and *customer experience* — the interactions between your company and your subscribers.) Indeed, that's the message they received from subscribers — after content, price is the primary purchase decision for streaming services. However, while it may be true that subscribers don't sign up for a service based on the provider's reputation for CX, they've shown they will leave a provider that fails in CX.

Rather than treating CX as a supporting actor in a cost center, **streaming companies must pivot to a model where CX plays a starring role.** In our work with streaming industry clients, we're finding that companies that invest in providing a superior customer experience discover their investment has become a strong competitive advantage.

Here, we highlight **five ways CX can help differentiate a streaming service,** giving subscribers something to stream about.
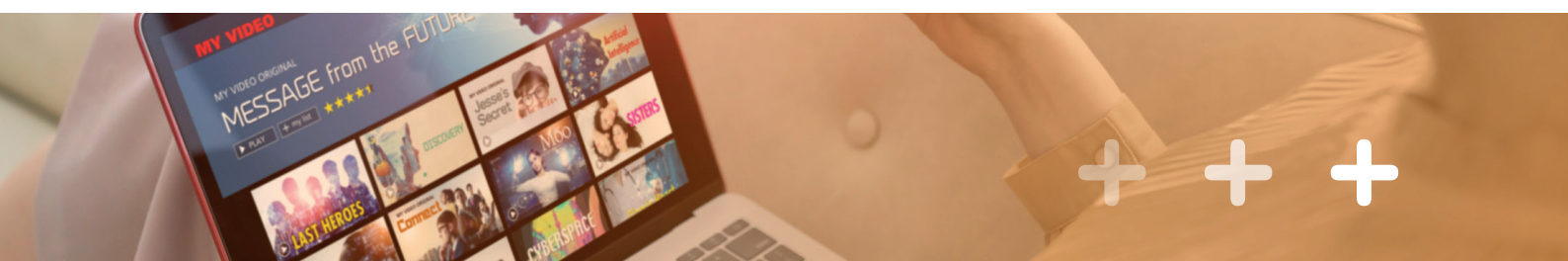
5 Ways Streaming Services
Can Use Customer Experience to Reduce Churn

01

Your competitors may be ignoring it

CX can be a **differentiator** for OTTs. A streaming service can gain market share by providing exceptional CX

02

Good CX is good for business

Prioritzing CX can **lower churn rates**, increase customer loyalty and improve customer lifetime value

03

Use **"churn and return"** to your benefit

The more seamless the unsubscribe and resubscribe touchpoint are, the greater the probability of **keeping it and recommending it**

04

Personalization matters more than ever

An **omnichannel CX** strategy allows more personalization when issues arise

05

Your **biggest audience** may be the easiest to please

74% of Gen Zers would spend **more money** with a company that provides good CX

01 **Your competitors** may be ignoring it

One big reason why customer experience can be your streaming company's competitive differentiator is because **many of your peers may be ignoring or at least discounting it.**

Due to the relative simplicity of most streaming companies' offerings, it's realistic to assume that the nature of customer service interactions tends to be simpler as well. While a telecommunication company may have ten different plans with an array of add-ons and one-time fees, subscription streaming services' product offerings are more clear-cut. For example, among our clients, we find some of the most common customer experience interactions are password resets and billing address changes.

However, a more straightforward offering does not mean that streaming companies should minimize the importance of customer experience. In fact, the opposite is true. Because the interactions are most often of a routine nature, it's doubly important that those interactions are fast, friendly, and frictionless.

So, when we see some streaming companies put up an email form on their websites and call it customer service, we see an opportunity for their competitors to win those customers.

Customer experience can be a streaming service's differentiator. While competitors may ignore CX in favor of UX, a savvy streaming company can capture market share and increase customer lifetime value by providing exceptional CX.

+ **Nearly half of consumers will stop using an organization's services after a single negative experience**

02 **Good CX** is good for business

"I'm not watching as much as I used to," and "It's too expensive" may be the two main reasons customers provide for canceling their streaming subscriptions.[5] But we know from the subscription industry as a whole that **68% of customers who cancel their subscriptions say they did so because of poor customer service.**[6] The evidence across industries is clear — bad CX is bad for business.
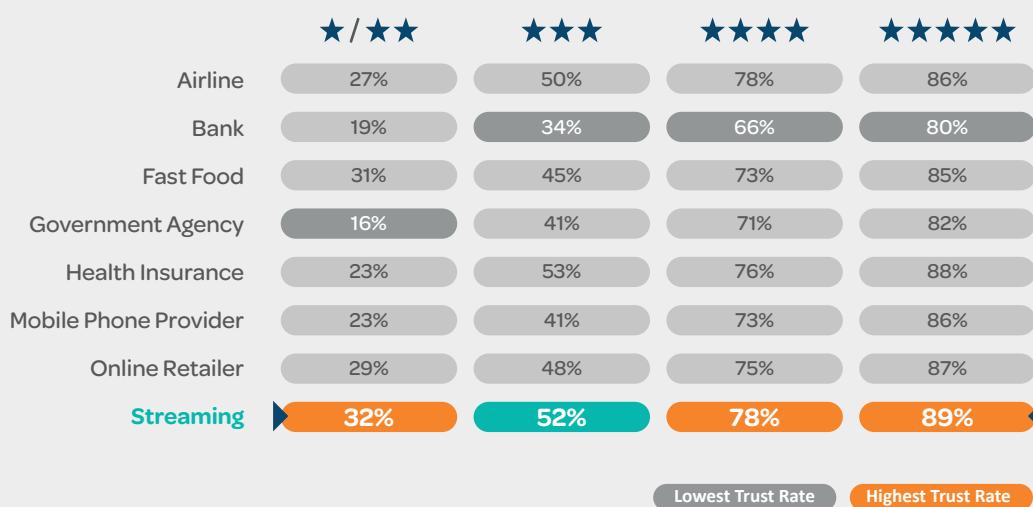
And good content is no longer enough. A recent survey from Qualtrics found that customer experience may be becoming just as important to consumers as content.[7]

For example, 75% of streaming service customers cited 'making the service easy to buy or cancel' and 72% named 'good customer service' as priorities. Perhaps not surprisingly, consumers are most likely to recommend a streaming service after a 5-star experience — and twice as likely to buy from that service.[8]

Streaming companies prioritizing CX as part of their operations can expect lower churn rates, higher levels of customer loyalty, and improved customer lifetime value.

89% of streaming industry customers are likely to recommend companies they rate highly

PERCENTAGE OF CONSUMERS "SOMEWHAT LIKELY" OR "VERY LIKELY"
TO **RECOMMEND** BASED ON SATISFACTION RATING

	★ / ★★	★★★	★★★★	★★★★★
Airline	27%	50%	78%	86%
Bank	19%	34%	66%	80%
Fast Food	31%	45%	73%	85%
Government Agency	16%	41%	71%	82%
Health Insurance	23%	53%	76%	88%
Mobile Phone Provider	23%	41%	73%	86%
Online Retailer	29%	48%	75%	87%
Streaming	32%	52%	78%	89%

Lowest Trust Rate   Highest Trust Rate

Base: 24,000 consumers across 24 countries.

Source: Qualtrics XM Institute Q3 2021
Global Consumer Trends Study

qualtrics**XM**

Consumers are 2.3x as likely to purchase more from a streaming service after a 5-star experience compared to a 1- or 2-star experience

STREAMING CONSUMERS WHO SAY THEY ARE
"SOMEWHAT" OR "VERY LIKELY" TO:
(out of 1- to 5-start satisfaction ratings)

TRUST
- 30%
- 50%
- 75%
- 86%

RECOMMEND
- 32%
- 52%
- 78%
- 89%

PURCHASE MORE
- 36%
- 56%
- 74%
- 82%

★ / ★★   ★★★   ★★★★   ★★★★★

Base: 24,000 consumers across 24 countries.

qualtrics.XM

+   +   +

03 Use **"churn and return"** to your benefit

Increasingly, customers are comfortable canceling a streaming service they are no longer engaged with, and then resubscribing when fresh, intriguing content is released. Moreover, the behavior is more common among **younger generations.** Nearly half of millennials and 34% of Gen Z in the U.S. canceled and then resubscribed to the same streaming video service within 12 months, according to Deloitte's 2022 Digital Media Trends study.[9]

Given the reality of churn and return, streaming services are wise to ensure that both the unsubscribe and resubscribe touchpoints are fast, friendly, and frictionless. The more seamless these everyday actions are, the greater is the probability of the customer remaining loyal or recommending the streaming platform. By emphasizing CX at every touchpoint, streaming companies keep the goodwill flowing. Those that ignore the importance of CX risk alienating customers — who churn but never return.

+ Half of millennials have canceled and then resubscribed to the same service
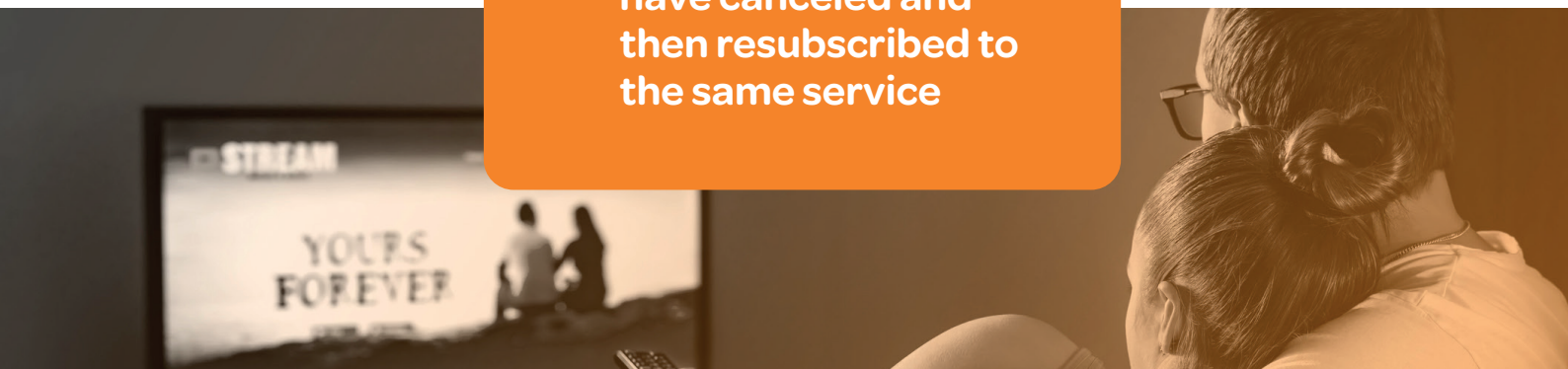
04 **Personalization** matters more than ever

Personalization involves delivering information and content that matches each customer's expectations. It must account for and adjust for previous interactions — in other words, it requires an omnichannel CX strategy. An omnichannel experience recognizes and acknowledges an individual at each point of contact, delivering a 360-degree view of a customer's activities and interactions. It's an experience that understands enough about the person to anticipate their immediate issue.

An omnichannel CX strategy is what allows streaming companies to provide personalization. And personalization matters. Nearly 42% of consumers say they stay subscribed beyond the first month because they appreciate the 'personalized or tailored' nature of the service.[10]

As the streaming market becomes more competitive, emphasizing your company's commitment to its customers — and encompassing the entire customer journey in that commitment — takes on much greater importance.
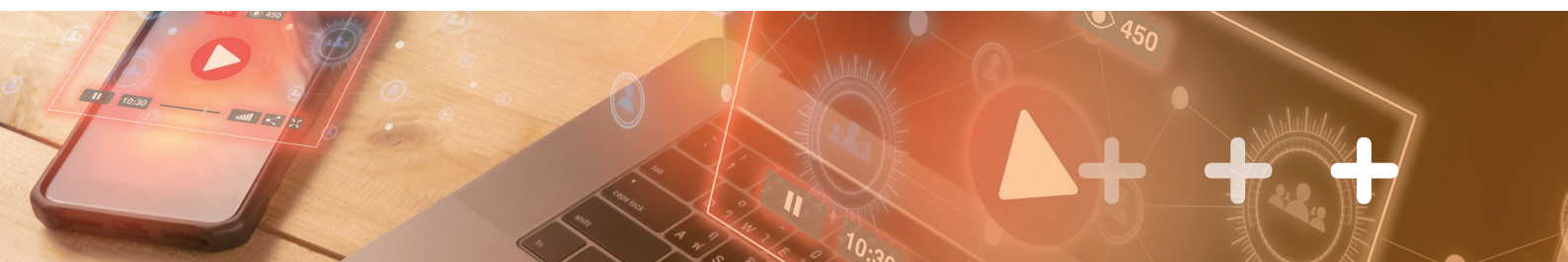
05 Your **biggest audience** may be the easiest to please

Gen Zers (born between 1997 and 2012) represent one-third of the global population — 65 million in the U.S. alone — and 96% subscribe to a streaming service.[11] That should get your attention. And there's more. **74% of Gen Zers say they would spend more money with a company that provides a good customer experience.**[12] What does it take to create a better CX for Gen Z? Personalization and customization are key.

We spoke to the personalization aspect above. Customization to a Gen Zer is about allowing them to decide how, where, and when they want to communicate with you.

It's essential to remember that Gen Z is a generation of digital natives. Give this group self-service CX tools like dynamic FAQs and chatbots and allow them to reach you with a Tweet or a text, and you'll be well on your way to improving brand loyalty.

96% of
Gen Z subscribes to at least one streaming service

74% say
they'll spend more money for good customer experience
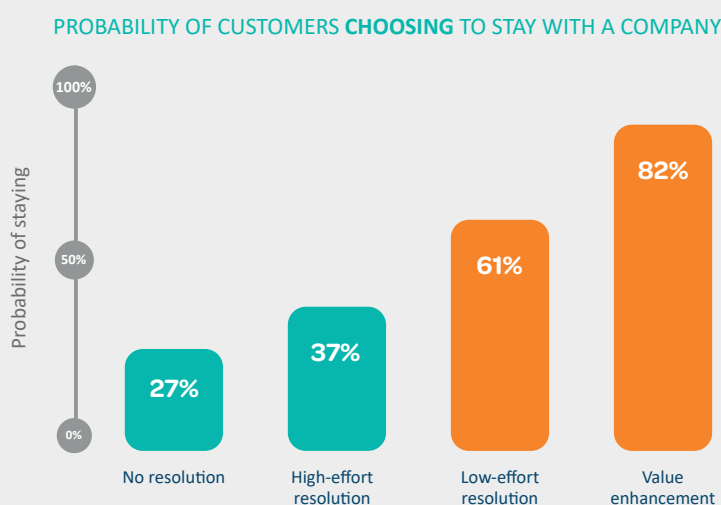
Full stream ahead

We've outlined five ways exceptional customer experience provides streaming companies with a clear competitive advantage. Of course, superior customer service alone won't attract new subscribers and alone, it cannot stem churn. But streaming services that provide an exceptional customer experience build customer loyalty, helping to retain existing customers and winning back defectors during that "return" phase.

Ultimately, creating an exceptional CX relies on intelligent interactions over the **customer lifecycle.** It involves providing the self-service tools many customers want. It requires deep cultural awareness and native language speakers who can empathize and provide context. It requires a social media listening program to capture and address customer sentiments and predictive analytics to foresee and forestall possible cancellation requests. Finally, and importantly, a superior customer experience incorporates highly skilled anti-attrition agents trained to make an alternative offer and reverse the cancelation request.

Providing a **fast, friendly, and frictionless customer experience should be a priority for every streaming company.** While content and cost are essential components of any streaming service's business model, customer experience is another lever these companies can pull to differentiate their business, creating a measurable advantage over competitors.

Atento works with global streaming services to elevate their customer experience initiatives, reducing churn, and maximizing customer lifetime value. Contact us to learn more.

Offering low-effort resolution increases the probability of customers staying by 25%. Adding value to the interaction ups the odds by another 20%
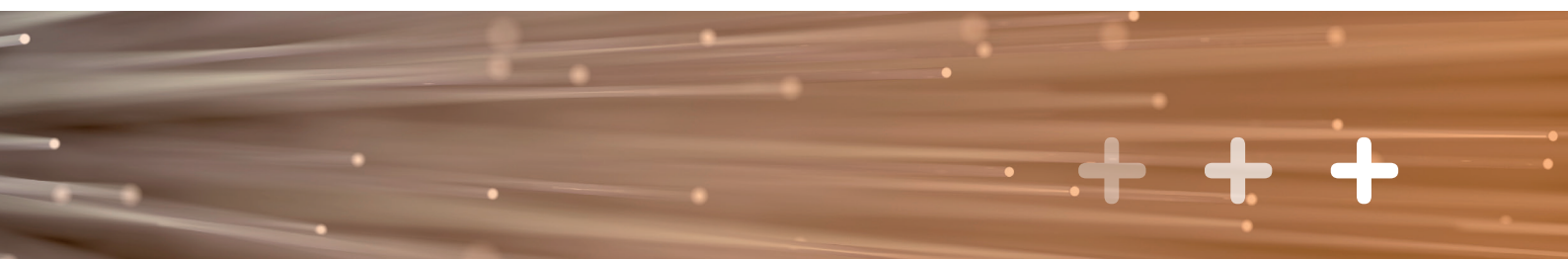
PROBABILITY OF CUSTOMERS **CHOOSING** TO STAY WITH A COMPANY

Probability of staying

100%	
50%	
0%	

| No resolution | High-effort resolution | Low-effort resolution | Value enhancement |
| 27% | 37% | 61% | 82% |

Source: Gartner, How Service Leaders Can Increase Customer Loyalty

Gartner.

+ About **Atento**

Atento is **the largest provider of customer relationship management and business process outsourcing ("CRM BPO") services in Latin America,** and **one of the top providers globally.** Atento is also a leading provider of nearshoring CRM BPO services to companies that carry out their activities in the United States. Since 1999, the company has developed its business model in 14 countries, where it employs approximately 150,000 people. Atento has over 400 clients to whom it offers a wide range of CRM BPO services through multiple channels. Atento's clients are mostly leading multinational corporations in sectors such as telecommunications, banking and financial services, health, retail and public administrations, among others. Atento's shares trade under the symbol ATTO on the New York Stock Exchange (NYSE). In 2019, Atento was named one of the World's 25 Best Multinational Workplaces and one of the Best Multinationals to Work for in Latin America by Great Place to Work®. Also, in 2021 Everest named Atento as a star performer: Gartner named the company as a leader in the 2021 Gartner Magic Quadrant.

For more information visit www.atento.com

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