

RESEARCH REPORT

Subscriptions executives survey:

# The future is bundling

100+ subscription service executives were surveyed on their views towards bundling, this research reveals their true thoughts on the outlook for bundles



PRESENTED BY:

**bango**<sup>®</sup>

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## Introduction:

A storm of dissatisfaction is gathering among subscribers to streaming services. After more than a decade of signing up for over-the-top (OTT) video-on-demand (VOD) subscriptions, many are growing weary.

Subscribers don't want less choice; they want less admin. They want relief from paying multiple bills. They want the freedom to pause subscriptions easily—perhaps when their favorite series completes a season, or they go on a trip—and resume them when they desire. In short, they want fewer hassles and greater convenience.

Interestingly, things on the surface seem fine. For instance, [Juniper Research](#) forecasts there will be nearly 2 billion active subscriptions to on-demand video services in 2025, an increase of 65% over the number of subscriptions at the end of 2020.

However, a deeper look reveals the gathering storm. A [survey](#) of 2,500 American consumers conducted by Bango and released in mid-November 2022 found that 72% of respondents said there are “too many” subscription services available today.

Doing nothing about this fatigue may well prove to be costly as churn increases, new customer acquisition costs (CAC) grow and lifetime customer value (LTV) declines—all symptoms of subscriber dissatisfaction.

Fortunately, that same research pointed to how to head off subscription fatigue and avoid these costly repercussions.

Seventy-eight percent of respondents said they wanted to manage their subscriptions from a single platform, and 77% said they wanted one monthly bill to pay for all of them, the Bango research found. Essentially, subscribers were saying they wanted the convenience of bundled services and the freedom to sign up for those that best match their content preferences.

With such clear direction about how to address subscriber fatigue, StreamTV polled subscription service executives for Bango from various industries, including SVOD, sports, music, gaming, and others, to gauge their attitudes about subscription service bundling.

This report presents the findings.

## Readers will learn about:

- The prevalence of subscription service bundling and its importance to the future of the business.
- The top reasons to bundle subscriptions.
- What sorts of businesses are seen as being the best bundling candidates with which to partner.
- What providers believe consumers value as the greatest benefits of subscribing to bundles via content hubs.
- The role of Super Bundling hubs as a future revenue source and how they will affect the competitive playing field.

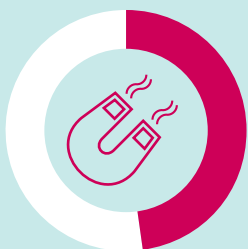
**Finding:** Increasing subscriber numbers and lowering churn stood out as the most important reasons to bundle. Additionally, many executives recognized bundling offers their organizations other benefits.

The content providers focused on two key benefits of bundling: winning additional customers and reducing churn. More than two out of three cited these as the main reasons to bundle—with 73% pointing to subscriber growth and 68% identifying lowering churn.

While important, these weren't the only reasons identified. Nearly half of respondents (48%) saw improving the stickiness of

their service as a reason to bundle; 46% said reducing the cost of acquiring new customers (CAC) was important; 39% reported improving the lifetime value (LTV) of customer relationships was a benefit; 32% said simplifying consumer payments was a reason to bundle; and 17% agreed that expansion into international markets was a benefit of bundling.

**Prioritize these main reasons why you are bundling your service**



Improving the stickiness of their service



Reducing the cost of acquiring new customers



Improving the lifetime value of customer relationships



Simplifying consumer payments



Expansion into international markets

**Finding:** *Subscription service executives by a large margin see bundling as the future of their business, and more than half work for organizations already engaged in the strategy.*

Bundling multiple subscription services is broadly seen as the right strategy to address the undeniable fatigue many consumers are experiencing. More than eight in ten subscriber service provider executives agreed that bundling is the future of subscription services.

Giving further credence to bundling as the right strategy to combat subscriber weariness, 70% of respondents agreed their organizations should try to bundle their services cross-industry with other content providers and subscription services.

This level of interest in bundling indicates respondents believe the benefits of combining offerings with other like services outweigh

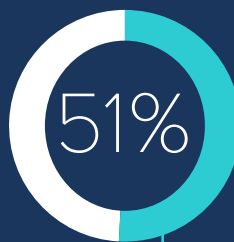
the risks. Rather than fearing the loss of existing customers as they are exposed to new offerings in a bundle, the majority of respondents demonstrated by the actions of their organizations that bundling is worthwhile.

The survey revealed 51% work for organizations already engaged in bundling. Among them, 69% reported participating in a soft bundle, one in which their organization offers access to their service, such as via a subscription hub like Verizon +play; 56% said their service is part of a hard bundle—one offered as part of a specific service plan as a package deal; and 49% reported offering free access to the service as an optional add-on.



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**Finding:** *The reason to forgo bundling boils down to a lack of confidence that doing so offers a better alternative to the status quo or misperceptions about what's involved in bundling.*

Thirty-six percent of respondents cited their organizations' preference for developing direct relationships with customers as the reason they avoid bundling.

At the heart of this preference is a lack of confidence that the benefits of bundling outweigh the benefits of delivering successful customer experiences, which nurture their company's relationships with consumers.

In contrast, 34% acknowledged the struggle of trying to independently build a profitable direct-to-consumer service.

Respondents cited other reasons as well, such as the complexity of integrating their service

with multiple offerings; losing control over pricing, branding and the user experience; the capital cost of bundling; and disagreements over revenue sharing.

However, despite these apprehensions, the survey reveals an overwhelming interest in bundling, with 7 out of ten respondents expressing enthusiasm for it. Notably, over half of the respondents are already actively bundling. Furthermore, 81% of respondents believe that bundling represents the future for subscription services. These statistics suggest that certain reservations surrounding bundling may be rooted more in misinformed perceptions than the tangible reality of bundling.



**Finding:** Successful bundling depends on choosing the right partners, and respondents overwhelmingly chose technology providers of various types as the top candidates for successful bundles.

Not surprisingly, smart TVs and connected devices topped the list of successful potential bundling partners (69%), the survey found. These consumer electronics sit at the core sensory interaction people have with content and offer subscription service providers an easy and natural entrance into the public's most fundamental media consumption experience.

Other leading partner candidates enjoy similar positions in terms of the public's media consumption experiences. Sixty percent said satellite or cable providers topped their list of possible partners, while 56% identified broadband providers and cell phone providers on their list of top candidate partners.

At the other end of the spectrum were partners like payment providers, auto brands, employee benefit programs, financial institutions, utility and insurance providers. All may be perceived as low priority channel partners by subscriptions execs. The reasoning is unclear but could be related to a misalignment in customer profile or known difficulties with 3rd party integrations. (Respondents were asked to choose all that applied)

**Which of the following categories of channel partner would successfully bundle/offer your product or service?**



69%

Smart TVs and connected devices



60%

Satellite or cable providers



56%

Broadband and cell phone providers



31%

Retail brands like Walmart and Target



13%

Payment providers, such as Visa and Mastercard



12%

Auto brands



11%

Employee benefit programs



10%

Financial Institutions



6%

Insurance and Utility providers



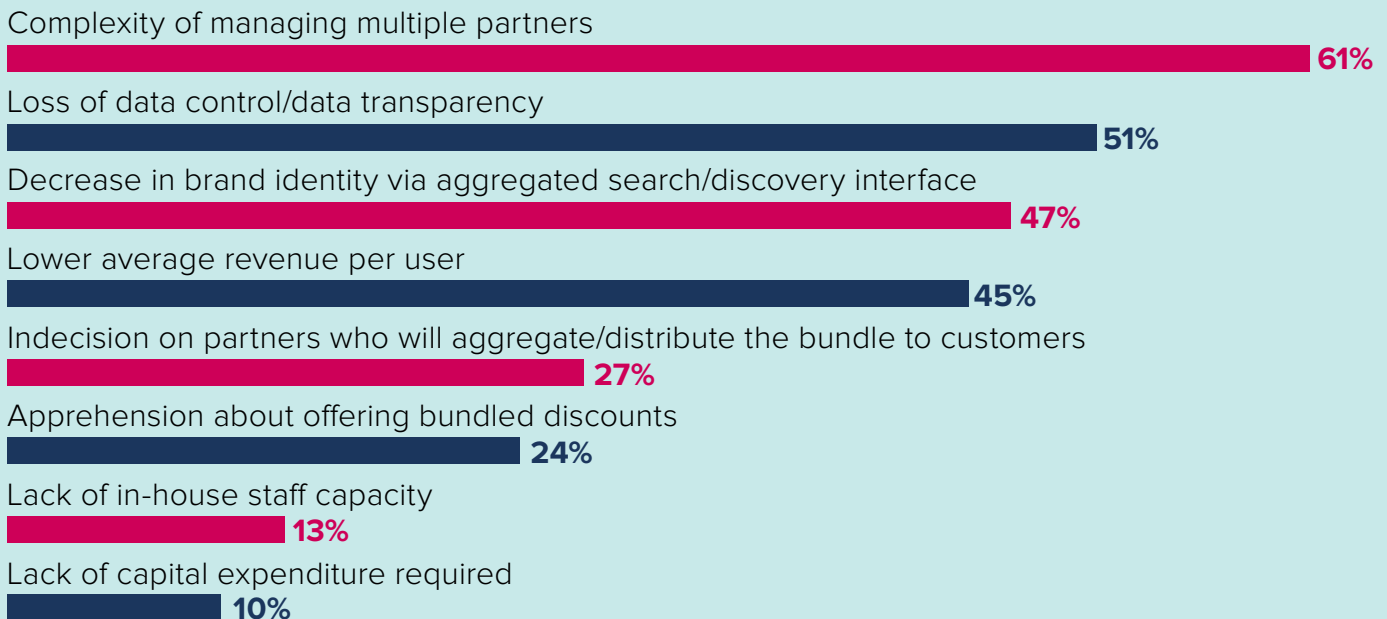
**Finding:** While recognizing the benefits of bundling, respondents were realistic about the possibility of bumps in the road with many identifying the complexity of working with multiple partners as the leading possible source of trouble. When it came to working with telcos, technical integration and contract negotiations topped the list.

A significant 61% of subscription service executives foresee potential challenges in managing multiple partners, acknowledging the intricacies of integration with just one partner. On average, one connection between a content provider and telco can take up to, and in some cases more than, a year. Scaling that up to multiple channel partners seems problematic. Another 51% expressed concern about a potential loss of data control and transparency. Additional areas of apprehension included fear of diminished brand identity through aggregated search and discovery, lower average revenue per user (ARPU), and indecision regarding partners for aggregating and distributing bundles to customers.

When asked specifically about working with telcos on subscription service bundles, 64% identified possible technical integration problems, and 63% cited possible contract negotiation hiccups as concerns. Sixty-one percent cited revenue sharing concerns, and 52% identified time-consuming onboarding process as a potential problem. (Respondents were asked to select all that applied.)

It's important to note that respondents were asked to speculate on possible problems, not the realities they have experienced bundling. In other words, respondents reported what they perceived might cause problems.

### What problems occur when a subscription is bundled with other subscription services?



**Finding:** *Enabling consumers to pause and resume their subscriptions and the ability to create custom bundles were seen by respondents as the most important features of content hubs in the mind of the public.*

Subscription service executives are in sync with the public's desire for greater freedom when it comes to managing their subscriptions. In various forums, subscribers have repeatedly said they want the ability to pause and resume subscriptions to match their life circumstances. They've also said they want the freedom to customize what they want to watch, regardless of the subscription service involved.

Many findings align with the consumer thinking and desires revealed in the November 2022 Bango survey, while some reveal misperceptions on the part of executives about the wants of consumers.

Consider that 36% of executives responding to the current survey ranked pausing and resuming subscriptions as opposed to cancelling them outright as the most important content hub feature compared to 46% of consumers who responded to a previous survey said the inability to pause subscriptions temporarily is their top concern.

There also is agreement about the importance of creating custom bundles. While 23% of content providers see custom bundle creation as important, 37% of consumers said they would like to access all content via a single platform, which gives them the opportunity to pick and choose content as they see fit.

The perceptions of executives didn't line up with consumer desires in some key areas, the research revealed. For instance, 79% of consumers responding to the November 2022 survey said they believed Super Bundling

would assist them in managing household finances, but only 10% of content ranked having visibility and control over household spending as an important benefit.

Discounts are another area where the two groups did not see eye to eye. While 52% of consumers expressed their desire for discounts, only 15% considered trial periods, such as one month free, as an important consumer feature of content bundling.

There was an even larger disparity when it came to contract renewals. A total of 42% of consumers said they were frustrated about renewing contracts and subscriptions, while only 6% of executives saw offering multiple subscription durations, such as monthly, annual or a seasonal pass, as an important consumer benefit—a benefit that could defuse this consumer frustration.



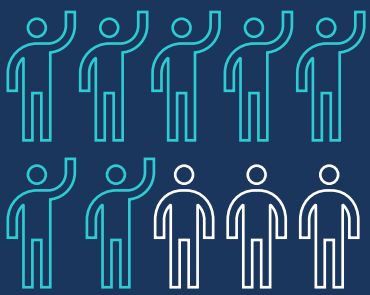
78% of consumers want a single platform to manage all their subscriptions



**Finding:** *A Super Bundling Hub, a platform that offers a limitless portfolio of cross-industry subscription services, will become a vital source of revenue for subscription service providers in the future and offer a strong competitive advantage.*

Nearly seven in 10 respondents agreed subscription service providers should attempt to bundle their offering with that of other content providers/subscription services in the form of cross-industry bundling. A total of 66% agreed that Super Bundling hubs will become a vital revenue source. More than half (53%) said Super Bundling is an important part of their organization's future acquisition and retention strategy.

Sixty-five percent believe these Super Bundling hubs offer a strong competitive advantage, and 56% saw partnering with communications service providers as a way subscription service providers can compete with tech giants like Amazon and Apple that offer their own content services.



**7 in 10** believe subscription service providers should try to bundle their offering with that of other content providers/subscription services in the form of cross-industry bundling



## The Bottom Line

The survey reveals strong interest in Super Bundling subscription services among respondents and broad support for seeking Super Bundling opportunities.

While there are multiple reasons to bundle subscriptions, garnering additional subscribers and taking away the reasons people churn out of their subscriptions were seen as strong motivators to adopt this strategy.

Respondents, however, recognized that there are obstacles to overcome, such as managing multiple bundling partners. Some misinformed executives saw no place for bundling in their organization's future—frequently out of a lack of confidence that their service could maintain as strong of a relationship with customers.

Looking ahead, a large majority (81%) of executives believe that bundling is the future for subscription services, and 65% agree Super Bundling content hubs offer a strong competitive advantage for content providers and subscription services.

When considering which businesses offer the greatest chance of a successful bundling relationship, respondents said smart TV/connected devices, satellite or cable providers, broadband providers and cell phone providers are most likely to be successful bundling partners. It's noteworthy that each in its own way exists at the intersection of technology and media consumption.

The convenience of having all subscriptions in one place on one bill is almost universally regarded (93%) as the greatest consumer benefit of Super Bundling from subscription content hubs.



81%

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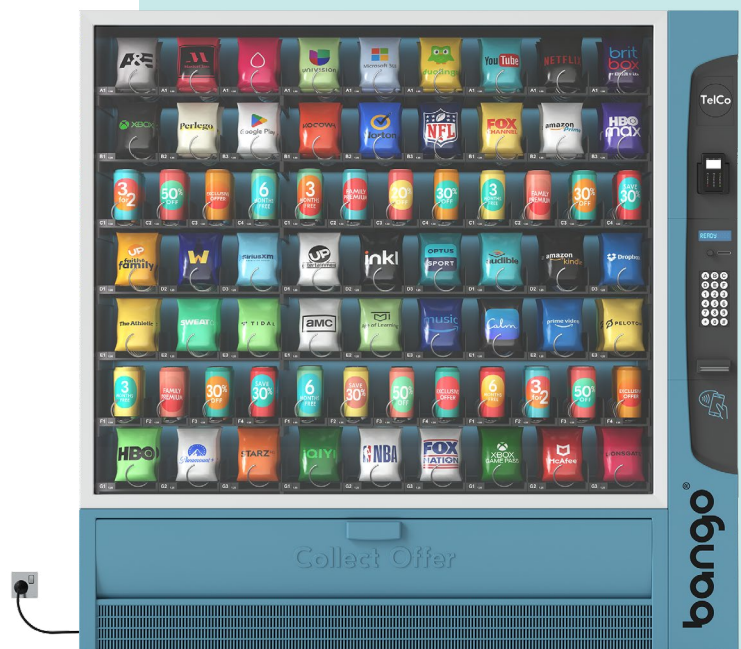
The survey uncovered wide agreement amongst subscription services executives that they are open and willing to engage in cross-industry partnerships to meet the needs of consumers. Building your own Super Bundling content hub will be a vital future source of revenue for subscription services as this 'one-stop shop' approach gives content providers a strong competitive advantage.

The bottom line is subscription service organizations and content providers are keenly interested in bundling to grow subscriptions and revenue as well as reduce churn. There is near complete agreement that their future depends on a successful bundling strategy.

Bango, who sponsored this survey, has built its business by helping subscription services and content providers achieve better reach and wider distribution by leveraging channel partner customers networks. The company assists its customers by building subscription partnerships with telcos and other channel partners while removing the wide array of technical and business challenges cited as concerns by those considering bundling. Content providers and resellers each connect once to Bango and can then access any other connected partners using the Bango Digital Vending Machine® SaaS product. Bango brings together digital payments and marketing technology so that you can more effectively market, merchandize and monetize your products to online customers everywhere. The world's leading companies work with Bango to accelerate their growth and scale their businesses.



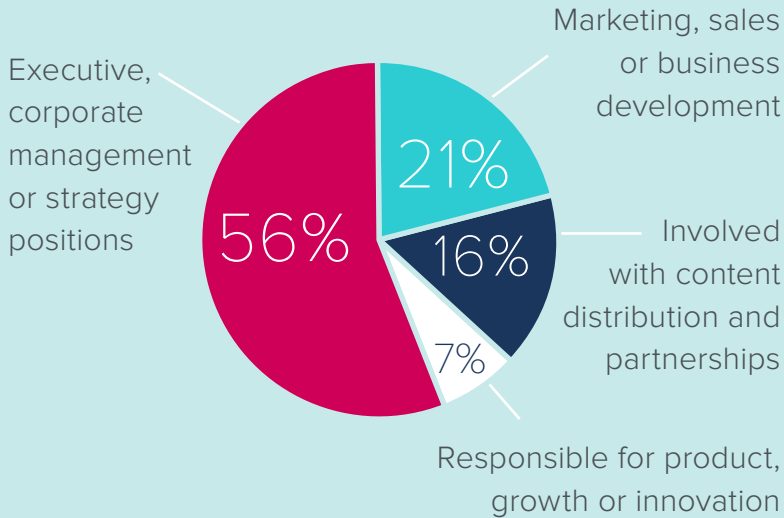
The Bango Digital Vending Machine® provides everything you need for subscription bundling and payments, enabling you to quickly reach new customers and markets with speed and scale. Connect once for a standard system of tools used for customer acquisition, payments and subscriptions, and join an ecosystem of over 150 merchants and resellers already connected to the Bango platform. Trusted by leading technology companies including Amazon, Google and Microsoft. For more information, contact [sales@bango.com](mailto:sales@bango.com) and visit [www.bango.com](http://www.bango.com).



# Respondents at a Glance

In August 2023, StreamTV conducted an online poll of 108 subscription service provider executives. All 108 completed the survey.

## Job function



## Decision making responsibilities

**35%**

Responsible for making the final decision regarding their organizations' products, distribution and bundling services.

**54%**

Part of the decision-making team

**11%**

Influenced decisions

## What type of subscription service provider do you work for?

**41% SVOD** Respondents worked for organizations with a wide diversity of content offerings, ranging from subscription video-on-demand services (SVOD) at 41% on the higher end to a range of subscription service providers each representing less than 2% of respondents, including gaming, health and fitness, physical goods, transport and security subscription services.



## How many paying subscribers does your subscription service have globally?

