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# DIFFERENCE IN THE PERCEPTION OF OTT PLATFORMS BETWEEN TIER1 AND TIER 2 CITIES IN INDIA

**Sonali Sharma**
Research Scholar, The ICFAI University, Jaipur
Sonali211508sharma@gmail.com

**Shweta Jain**
Associate Professor, The ICFAI University,Jaipur
sjain@iujaipur.edu.in

**Abstract**
*Over-the-top (OTT) platforms are directly responsible for the recent advances that have been made in the entertainment and media industries. India is a prospective nation that is now at a turning point in the expansion of these platform. Thus, the present research is focused to assess the difference between the perception of Tier 1 and Tier 2 cities on OTT platforms. Such information will facilitate the stakeholders in taking decisions which are specific to tier 1 and tier 2 audiences. It will facilitate the marketers in properly targeting the potential customers based on the real time findings of the present research.*
**Keywords: OTT platforms, Perception, Tier 1 Cities, Tier 2 Cities**

## Introduction

### Difference between Tier 1 and Tier 2 cities in India in terms of Screen based entertainment

Cities in India have now been ranked according to their level of development, with Tier 1, 2, and 3 classifications respectively. Tier 1 cities are the ones with the highest level of development, while tier 2 & tier 3 cities are the ones with lower levels of development. The Pay Commission has given India a number of different classifications to choose from (Aithal et al., 2020). Over-the-top (OTT) platforms are directly responsible for the recent advances that have been made in the entertainment and media industries. India is a prospective nation that is now at a turning point in the expansion of these platforms. This is owing to the fact that people living in Tier 1 cities and Tier 2 cities, both of which have seen an explosion in the availability of smart gadgets as a result of falling costs and more affordable data packages, have made a contribution. In terms of viewing on OTT platforms, Tier 1 cities are mostly saturated; thus, every brand is trying to reach the last customer, who can be found in Tier 2 cities currently (Saha & Prasad, 2021). When it comes to entertainment, it has been shown that Tier 1 cities have a desire for both national and international material. On the other hand, Tier 2 cities have shown a significant need for information that is more local and is presented in the native language of the region.

## Growing trend of OTT platforms in India

According to the PwC Worldwide Entertainment & Media outlook: 2020-2024 study (PwC, 2020), the expansion of over-the-top (OTT) video content is occurring both inside and outside the house as a result of the prevalence of Smartphone devices as well as internet-connected Television screens. The primary contributor to revenue will be subscription VOD, which is projected to increase at a compound annual growth rate of 30.7%, from $708 million in 2019 to $2.7 billion in 2024. According to the research, India is the over-the-top (OTT) market with the highest compound annual growth rate, at 28.6%. In the year 2024, the over-the-top (OTT) market in India will become the sixth biggest in the world, surpassing South Korea, Germany, and Australia. Other factors that are contributing to the expansion of the OTT video services in India include an increase in the percentage of the population that is young and the amount of disposable money that they have (Kumari, 2020). Additionally, the changing lifestyles of customers and the limits imposed by COVID-19 are anticipated to drive growth in the OTT Video Services in India. The proliferation of internet-based businesses, such as e-commerce, online marketing, online learning, and entertainment on demand, amongst others, has been significantly aided by the increased usage of technology (Malewar & Bajaj, 2020).

## Review of Literature

In their study, researchers Sundaravel & Elangovan, (2020) found that OTT platforms have grown by more than 22% per year. This is because they are easy to use, have affordable subscription plans, and have more local and regional content than they did just a few years ago. There is a wide variety of streaming services, each of which provides users with a choice of material and a range of pricing options (KPMG, 2020). This indicates that there is a fierce competition among streaming platform providers who are vying for the largest possible portion of the market share. This battle is very dynamic and features frequent shifts in status quo. A survey was carried out in 2018 Moochhala, (2018) and found that Amazon Prime Video was the most popular over-the-top (OTT) streaming platform in India; however, as of right now, Disney+Hotstar has around 40 % of the market share (Menon, 2022). This volatility may be attributed to a number of different causes, including shifts in price and developments in content quality, amongst others. The meteoric rise in popularity of streaming services like Netflix, Amazon Prime Video, ALT Balaji, Zee5, and Disney+Hotstar may be attributed to a wide variety of causes. These criteria include things like cost, availability, substance, and how beneficial people view the information to be (Jose, 2020). The surge may also be attributed, in large part, to millennial clients, who are predicted to spend around two hours each day consuming content on OTT platforms (Saha & Prasad, 2021). Customers like over-the-top (OTT) streaming services more than conventional cable television services owing to the inexpensive pricing plans and extensive content libraries offered by the former. The manner in which we take in entertainment is about to undergo a sea shift that will be revolutionary. The experience of viewing a movie at home VS the experience of seeing the same movie at a theatre is analysed by researchers (Nagaraj et al., 2021; Nijhawa & Dahiya, 2020). They talk about how movie theatres are attempting to keep customers by improving the overall experience of going to the movies by providing better seating, catering to people's desires to watch movies on a larger screen, and making it possible to watch films as soon as they are available in theatres. In addition, customers have moved away from purchasing physical DVDs and Blu-Ray Discs and have instead opted for subscription-based streaming platforms (Reshma & Chaithra, 2020). This is due to the fact that these platforms provide a greater quantity of material for a cost that is comparable to that of physical media. As the content libraries of these platforms have grown, consumers have begun to watch more foreign material instead of local content. This is because, owing to the internet, international content is just as readily accessible as local content (Madnani et al., 2020). The researchers anticipate that Tier 2 and Tier 3 cities, which are yearning for variety in unique material, will be the source of the following wave of growth.

## Research Gap

It can be assessed from the existing literature that though OTT platforms have been a topic a research in the existing literature. A moderate amount of research is available in this direction which can facilitate the stakeholders in understanding the growth trend of OTT platforms. But, India being one of the biggest consumer market, has a huge population residing in tier 2 and tier three cities. Though, Tier 1 cities are considered to be most developed, the consumer market is bigger in tier 2 cities than tier 1 cities. Also, with growth and development taking place in India, tier 2 cities are emerging as the new development epicentre in the country. This trend is further increasing the purchasing power of the residents residing in tier 2 cities. Looking at this trend, no research has been done to assess the perception of tier 2 viewers of OTT platforms and how they differ from tier 1 viewers. Thus, this has emerged as a gap in the existing literature. The present research has been focused to mend this gap.

## Need of the Research

The assessment of perception of tier 2 viewers of OTT platforms and how they differ from tier 1 viewer can be very beneficial for the stakeholders. Such information will facilitate the stakeholders in taking decisions which are specific to tier 1 and tier 2 audiences. It will facilitate the marketers in properly targeting the potential customers based on the real time findings of the present research.

## Material and Methods

The population considered for the present research are the employees of start-ups working in different Tier 1 and Tier 2 cities across North India. Simple random sampling technique was used. A total of 2000 quantitative questionnaire (1000 in tier 1 and 1000 in tier 2 cities) was distributed. After removal of all the noise and incomplete questionnaires, 654 responses for tier 1 cities and 654 responses for tier 2 cities were selected. Thus, the sample size of the research is 1308.

The scale used in the present research for collection of primary data is the scale of Theory Of Planned Behaviour given by Ajzen, (2006).

For assessing the difference, independent sample t-test has been used.

## Data Analysis and Discussion

For assessing the difference in the perception of OTT platforms between tier1 and tier 2 cities in India, independent sample t-test has been conducted as below-

| | | N | Mean | Std. Deviation | Std. Error Mean |
|---|---|---|---|---|---|
| **Attitude** | Tier 1 | 654 | 2.58 | .563 | .022 |
| | Tire 2 | 654 | 3.31 | .640 | .025 |
| **Subjective Norm** | Tier 1 | 654 | 2.54 | .715 | .028 |
| | Tire 2 | 654 | 3.35 | .746 | .029 |
| **Perceived Behavioral Control** | Tier 1 | 654 | 2.92 | .652 | .026 |
| | Tire 2 | 654 | 3.47 | .635 | .025 |
| **Intention** | Tier 1 | 654 | 2.89 | .724 | .028 |
| | Tire 2 | 654 | 3.45 | .787 | .031 |

**TABLE 1: GROUP STATISTICS**

**SOURCE: AUTHOR'S FINDINGS**

It can be inferred from Table 1 that a visible difference does exist between the means of the responses of tier 1 and tier 2 cities. As can be observed, the responses of the tier 1 cities in more in agreement towards the variables since the mean values lie in the range of 2.3-2.9 (1=strongly agree, 5= strongly disagree). Thus, it can be stated, based on the mean values, that Tier 1 cities hold more positive attitude towards OTT platforms when compared to Tier 2 cities, Tier 1 city viewers are keener for approval and support of their family and friends for OTT platforms. Further, the perceived behavioral control towards usage of OTT platforms was found to be more in the control of Tier 1 respondents when compared with Tier 2 respondents. Finally, intention to keep using OTT platforms was found to be positive for Tier one respondents.

These all inferences are based on descriptive mean analysis. These finding can be confirmed only post hypothesis testing using independent sample t-test as below-

The hypothesis to be tested is as follows-

*$H_0$1: There is no significant difference between the perception of Tier 1 and Tier 2 cities on OTT platforms*

*$H_A$1: There is a significant difference between the perception of Tier 1 and Tier 2 cities on OTT platforms*

| | | Levene's Test | | t-test for Equality of Means | | | |
|---|---|---|---|---|---|---|---|
| | | F | Sig. | T | Sig. (2-tailed) | Mean Difference | Std. Error Difference |
| **Attitude** | **Equal variances assumed** | 22.521 | 0.000 | -21.935 | 0.000 | -0.731 | 0.033 |
| | **Not assumed** | | | -21.935 | 0.000 | -0.731 | 0.033 |
| **Subjective Norm** | **Assumed** | 0.334 | 0.563 | -20.013 | 0.000 | -0.809 | 0.04 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| | **Not assumed** | | | -20.013 | 0.000 | -0.809 | 0.04 |
| **Perceived Behavioral Control** | **Assumed** | 3.009 | 0.083 | -15.422 | 0.000 | -0.549 | 0.036 |
| | **Not assumed** | | | -15.422 | 0.000 | -0.549 | 0.036 |
| **Intention** | **Assumed** | 1.307 | 0.253 | -13.495 | 0.000 | -0.564 | 0.042 |
| | **Not assumed** | | | -13.495 | 0.000 | -0.564 | 0.042 |

**TABLE 2: INDEPENDENT SAMPLE T-TEST**

**SOURCE: AUTHOR'S FINDINGS**

It can be inferred from Table 2 that significance level for all the factors is 0.000 (<0.05) owing to which null hypothesis can be rejected and it can be stated that there is a significant difference between the perception of Tier 1 and Tier 2 cities on OTT platforms.

## Conclusion

The present research was focused on to assess the difference between the perception of Tier 1 and Tier 2 cities on OTT platforms. The research found a statistically significant difference to exist. The difference was found to exist on all the four factors of consumer behaviour that is attitude, subjective norms, perceived behavioral control and intention. Herein the perception of tier 1 cities was found to be more positive when compared to tier 2 cities.

This difference in the perception can be attributed affordability and purchasing power of the residents. As a matter of fact, owing to high cost of living and living standards of Tier 1 cities, the salaries are more when compared to Tier 2 cities (Ganesha & Aithal, 2022). This can also contribute increased affordability of the OTT platforms for Tier 1 cities than Tier 2 cities.

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