

Research Synthesis

This project is focusing on getting users aged 18 - 28 (Gen Z) to convert their “free-mium” accounts on a streaming site to paid subscriptions. In order to best understand the thought processes that streaming users undergo when deciding to upgrade, I chose a multi-pronged approach to my research.

Strategy 1: Competitor Analysis

In today’s world, there are many streaming services from which to choose. Music streaming sites, like Pandora and Spotify, have rather simplified free tiers for listeners, but add additional perks and abilities to the paid tiers, such as the ability to skip songs or go ad-free. Video streaming sites, such as Hulu and Netflix, keep all of their programming behind a paywall, but offer different tiers to allow users to fit a subscription to their budget. Again, the higher, more expensive tiers have more perks than the lower cost tiers. The one major exception to this is YouTube, which has video streaming, but acknowledges that there are many who use their site for music. YouTube offers several different types of subscriptions, but also has all of their offerings available on-demand. The biggest draws to their paid tiers is going ad-free, but also being able to listen while the screen of your device is turned off - which saves a lot of battery drainage.

Strategy 2: Secondary Research

I researched to see what drives the decision to convert to a paid subscription, especially among the Gen Z users, and discovered they can be very different in their desires for experience. Some of the key findings were as follows:

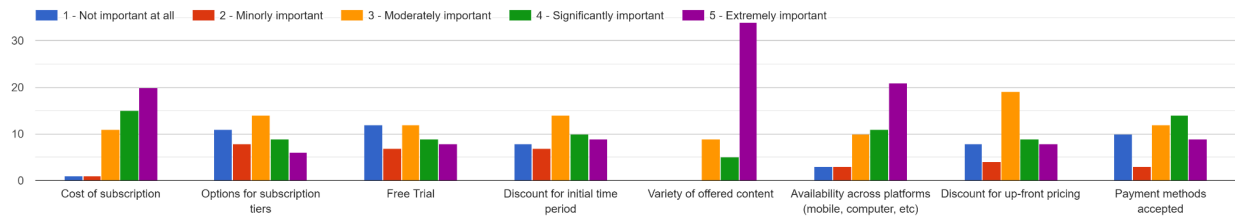
- At least 80% of Gen Z has 4 out of the 5 most popular streaming types (video, music, food, miscellaneous, and beauty/health/wellness). (PC Magazine, 2022)

- While being conscious of their budget, Gen Z spends more on subscription services than any other age group across the board. (PC Magazine, 2022)
- Appreciate subscription values like personalization more than costs. (Recurly, 2023)
- For the younger generations, free trials combined with exclusivity are perceived as incentives to initiate and maintain subscriptions. (Recurly, 2023)
- Only 37% of Gen Z maintained all their subscriptions over the past year, compared to a whopping 79% of Boomers. (Recurly, 2023)
- 42% of Gen Z canceled one to three subscriptions within the same period. (Recurly, 2023)
- Only 27% of Gen Z will cancel a subscription if there is a price hike. (Recurly, 2023)
- 58% of Gen Z will say goodbye if unexpected fees are added to a subscription price (compared to 86% of Boomers). (Recurly, 2023)
- 29% of Gen Z noted that if a subscription service can truly meet their needs and preferences, they'd stick around for another four to six months. In comparison, only 11% of Boomers felt the same. (Recurly, 2023)

Strategy 3: User Survey

To support my research, I did an anonymous survey of 48 users of streaming services and found the three biggest factors that will influence the conversion to a paid subscription were the cost of the subscription, the variety of the content available within vs. without the subscription, and ability to stream on different platforms. These factors significantly outweighed factors such as free trial periods or discounts for paying annually.

How important are each of the following factors when considering a paid streaming service subscription?



Strategy 4: Marketing Research

As the goal of this design is to get users to upgrade their free accounts to paid subscriptions, I felt looking into some of the strategies used to market such transitions would be beneficial. I searched for current upselling strategies and discovered ones that related well to our goal and target users. Sources included Intentux.com (specific to in-app marketing), and Pushwoosh Blog (increasing revenue in a subscription-based mobile app).

Insights Gained

Using this research, I developed a persona of behaviors related to subscriptions.

Behaviors: <ul style="list-style-type: none"> Revolving door subscriptions - users will upgrade to a paid subscription for a time, then cancel it until it suits their needs again. 	Values: <ul style="list-style-type: none"> The flexibility to leave and renew when it suits the user is paramount. Personalized experiences set by the user draw Gen Z into the experience so that individualized needs and expectations are met.
Rationale: <ul style="list-style-type: none"> More customization and user control when a subscription is paid. Majority of desired content is only available behind a paywall. 	Deciding Factors: <ul style="list-style-type: none"> Affordability - does it fit in their budget? Value - how much does this subscription offer compared to other services? Personalization - how much control does the user have over what they see/experience?