

The Impact on Over-The-Top Services Adoption: Focusing on Difference between Nonadopters, Free Service Adopters, and Paid Service Adopters

Abstract

Global Over-The-Top (OTT) services enable users to consume broadcast content without being bound by time and place through smart devices. Media with advanced new technologies induces users to substitute media because they provide content in advanced ways. Although the adoption of global OTT services has increased, few studies examined people's characteristics using OTT services. Other discussion items lacking in studies are the people not using OTT services, whether they only use free OTT services, or whether they also use paid OTT services. This study investigates the differences in demographics and consumer characteristics between nonadopters, free service adopters, and paid service adopters. This study's demographics include gender, age, education, and income. The consumer characteristics include consumer innovativeness (functional, hedonic, social, cognitive) based on diffusion of innovation theory, privacy concerns through the online environment, and SNS electronic word-of-mouth (e-WOM) activities. Using the Korea Media Panel Survey data conducted by Korea Information Society Development Institute (KISDI) in 2019 (N = 9,043), this study conducts binary logistic regression analysis twice to predict OTT service adopters (N = 3,940) based on nonadopters (N = 5,103) and paid service adopters (N = 351) based on free service adopters (N = 3,589). The results show that age, education, hedonic innovativeness, cognitive innovativeness, privacy concerns, and SNS activities strongly predict OTT adopters based on nonadopters. Education, hedonic innovativeness, and SNS activities have a positive effect, while age, cognitive innovativeness, and privacy concerns negatively impact predicting OTT adopters. Also, demographics such as gender, age, and education predict paid service adopters based on free service adopters. However, there is no significant difference in consumer characteristics between free service adopters and paid service adopters. The findings provide several important insights for global OTT service marketers by segmenting consumer groups on OTT adoption. First, this study proposes establishing a marketing strategy for young consumers. Second, we recommend advertising content for consumers with high hedonic innovativeness. Third, using SNS as a supplemented media is recommended because the possibility of sharing OTT-related content on SNS is high. This study only used Korean data, so future studies should examine cultural differences in adopting OTT services caused by OTT services entering overseas markets.

Keywords: over-the-top, consumer innovativeness, privacy concerns, SNS activities, Korea media panel survey.