

SECTION B

Read Figures 1 and 2 and the following extracts (A to C) before answering Question 6.

Write your answers in the spaces provided.

You are advised to spend 1 hour on this section.

Question 6

The UK online streaming services market

Figure 1: Market share of UK online streaming services

	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022
Amazon Prime Video	37.9%	41.1%	45.0%	27.1%	25.9%
Disney+	16.0%	17.7%	19.3%	14.1%	21.5%
Netflix	15.0%	10.5%	5.0%	9.4%	4.5%
NOW	11.3%	11.2%	5.6%	11.0%	11.1%
AppleTV+	4.0%	5.5%	7.3%	9.2%	9.9%
BritBox	4.0%	3.0%	5.7%	6.0%	5.9%
Others	11.8	11.0%	12.1%	23.2%	21.2%

(Source adapted from: Kantar, Worldpanel Division Geotech 2022)

Figure 2: UK online streaming services – monthly fees

Streaming service provider	September 2022
Netflix premium (4 users/ultra HD*)	£15.99
Netflix standard (2 users/HD)	£10.99
Netflix basic (single user/non HD**)	£6.99
Amazon Prime Video	£8.99
Amazon Prime Video – Student price	£4.49
Disney+	£7.99
AppleTV+	£4.99

*This is the highest quality picture currently available

** This is the basic quality picture

(Source adapted from: <https://www.radiotimes.com/tv/what-to-watch-tv/best-streaming-service-uk/>)



Extract A**How Netflix makes use of behavioural science**

In the last few years, companies have been trying to find ways to attract the attention of customers. Various streaming platforms such as Netflix, Amazon, and YouTube use 'nudges' to influence consumer behaviour. The 'next-up' feature on Netflix or 'auto-play' on YouTube has been subject to research that relates it to binge-watching. Binge-watching is the practice of viewing for a prolonged period, multiple episodes of a TV show or several films in rapid succession. 5

Similarly, the policy of offering a one-month free subscription under the label of 'free trial' requires credit card information to turn the forgetful subscriber into a potential paying one. Following this strategy, Netflix has expanded to 190 countries in just seven years and according to the Wall Street Journal, the company generated total revenue of over \$5.2 billion in 2019, which was an increase from 2018 of around \$4 billion. 10

However, 2022 data shows that consumers, increasingly worried about the rising cost of living, are turning their back on Netflix. With a reported cancellation of over 200 000 subscriptions in the first quarter and another two million forecast to leave by the end of the year. Subscribers are rethinking their commitment to the streaming services that grew their numbers sharply during the home-based months of the global health crisis. Netflix subscribers have also quoted a decline in value for money and satisfaction with the quality of the shows as key motives for cancellation. 15

Disney now see higher satisfaction rankings than Netflix across the quality of shows, amount of original content, number of new-release films, variety of classic films and amount of kids' content. Forecast cancellation rates for Disney+ fell to an all-time low of 3.2%. 20

(Source adapted from: <https://www.novanudge.com/post/sludge-on-demand-how-netflix-makes-use-of-behavioural-science>
<https://www.theguardian.com/media/2022/apr/20/netflix-shares-fall-losing-subscribers>)

Extract B**The economics of price discrimination**

Throughout 2022, Netflix, a 100-billion-dollar company, increased prices in the US, Canada, the UK and Ireland (most of which saw similar price increases in 2021, too). In sharp contrast, Netflix recently announced it was reducing its prices in India (standard/2-user 499 rupees a month, equivalent to £5.42) in a bid to compete with Disney+ and Prime. 5

UK students currently enrolled in a college or university who have a valid student email address can join Prime Student through the Amazon website. This gives them nearly 50% off a standard Prime membership and many other exclusive benefits.

(Source adapted from: <https://help.netflix.com/en/node/24926/in>)



Extract C**Educational Website and TV Programmes**

BBC Bitesize is a learning platform created by the BBC in 1998. The online study resource allows parents to teach their children from home, using ready-made lesson plans and study guides with questions for all ages. The revision sessions are free to watch and they are available for children aged five up to their late teens. The guides are written by teachers and subject experts, so they are reliable and follow the National Curriculum. Last year Bitesize attracted around two million weekly unique browsers with a peak week of 3.3 million in the GCSE exam period.

5

Oak National Academy is a freely available learning resource website created for pupils aged four to sixteen. Launched in 2020, as a response to the global health crisis, the website includes lesson slides, video lessons, worksheets, and quizzes conforming to the national curriculum in England. Ministers have set aside £43 million to fund the Oak National Academy over the next three years.

10

(Source adapted from: <https://www.bbc.co.uk/bitesize/articles/zmjdhbk>
<https://www.structural-learning.com/post/oak-academy-a-teachers-guide#:~:text=Oak%20National%20Academy%20is%20a,the%20national%20curriculum%20of%20England>)

