

What the Success of Streaming Services Can Teach Entrepreneurs

Opinions expressed by *Entrepreneur* contributors are their own.

You're reading Entrepreneur United States, an international franchise of Entrepreneur Media.

A few Saturday nights ago, my family and I paid \$30 to download Marvel's *Black Widow* on its opening weekend.

Along with millions of other households, we watched a Hollywood blockbuster from the comfort of our own home instead of going to a movie theater. Although much has been written about the impact of this groundbreaking premiere for theatrical distribution and the future of movie theaters, it bears even greater significance for customer acquisition and retention.

The incremental costs involved in being able to watch and rewatch first-run movies as part of Disney+ presumably increases our affinity for the service while increasing the cost of switching platforms, and decreases the likelihood that we will opt out of our Disney+ subscription. All of these elements will serve as the foundation for a successful continued migration to streaming TV.

All of this prompted me to think about the key factors that I believe will drive success in this evolving market, and some tips media entrepreneurs can learn from this market's success.

Related: [Peacock? HBO Max? The New Streaming Giants Explained.](#)

1. Great new programming

All media companies produce amazing programming. There has never been a better time to be a consumer, whether you prefer *Ted Lasso* on Apple+, the Olympics on Peacock, or *Space Jam* on HBO Max. There is a volume, quality and cadence of great shows streaming regularly, as programmers work (and spend billions on programming and marketing) to keep audiences engaged.

Entrepreneur tip: Volume, quality and cadence are what set you apart – creating new products (in this case, shows and movies) allows your business to grow and continue to thrive.

2. A huge library

While library depth currently varies between streaming services, content depth will also likely become a cost of entry for these companies. Even some niche brands, such as Showtime, Epix, Starz and AMC, boast libraries of hundreds of movies and some of the most popular TV series in history. The recent announcement of MGM by Amazon reflects the scarcity of studio libraries and their potential value to streaming services.

Entrepreneur tip: Creating content that has value and enough content to keep viewers engaged is the key to securing and keeping customers.

3. Know your customer

Here's where it starts to get harder. Is your user a horror enthusiast? Does he like reality TV? Does she like sports documentaries or only live sports? Will they want an action movie or a family comedy on a Saturday night? Traditional media companies have had limited direct relationships with their audiences. To market and merchandise their programming effectively, these companies must develop 1:1 capabilities,

touchpoints and relationships with their viewers. While they have already started to collect and aggregate meaningful data on users and their preferences and profiles, it will take time, dedication, scale and top-notch data science to complete this endeavor.

Entrepreneur tip: Companies need to understand the demand and desires of their customers to keep people interested. It's essential that they truly know their customer.

Related: [Netflix vs. Spotify: Which Streaming Stock is a Better Buy?](#)

4. Know what they want

Here's where the walled garden of each streaming service becomes problematic: No matter how big they get, companies like Netflix, Paramount+ and all the rest only look across and within their own services. Netflix, for example, doesn't know what users are interested in on Peacock, Hulu or Prime. Each optimizes for its own metrics – acquiring new subs, retaining those they have and growing overall engagement and time spent. The connected TV platforms – Google TV, Roku, Apple TV, and Amazon Firestick – also have limited visibility into what is viewed within each individual streaming service. But consumers aren't necessarily thinking *I want to watch a show on Netflix tonight*. They're thinking *I want to watch a great family movie* or *I'm looking for a historical drama*.

Entrepreneur tip: Keeping track of competitors allows your company to pursue other verticals that customers are looking for – therefore, expanding your opportunities for revenue and growth.

5. Excel in putting the right show

in front of the right user at the right time

Historically Netflix and YouTube became leaders in streaming because of their ability to effectively merchandise their programming to users based on their history and offer something relevant. The scaffolding, context and rationale underlying a user's decision to watch the next episode or next video, or regard a show or movie as relevant, are based on a given user's tastes and choices. The next generation of these services – and those that will resonate and succeed most with audiences – will start to pull in new data and additional signals and context to help users navigate their choices. This may consist of suggestions from creators and influencers, stars or celebrities and perhaps most impactful – each user's social graph.

Entrepreneur tip: Look to invest in the platforms and data needed to deliver simple and seamless personalized discovery, thereby enabling you to match content with the audiences most willing to pay for it.

<https://www.entrepreneur.com/article/378936>