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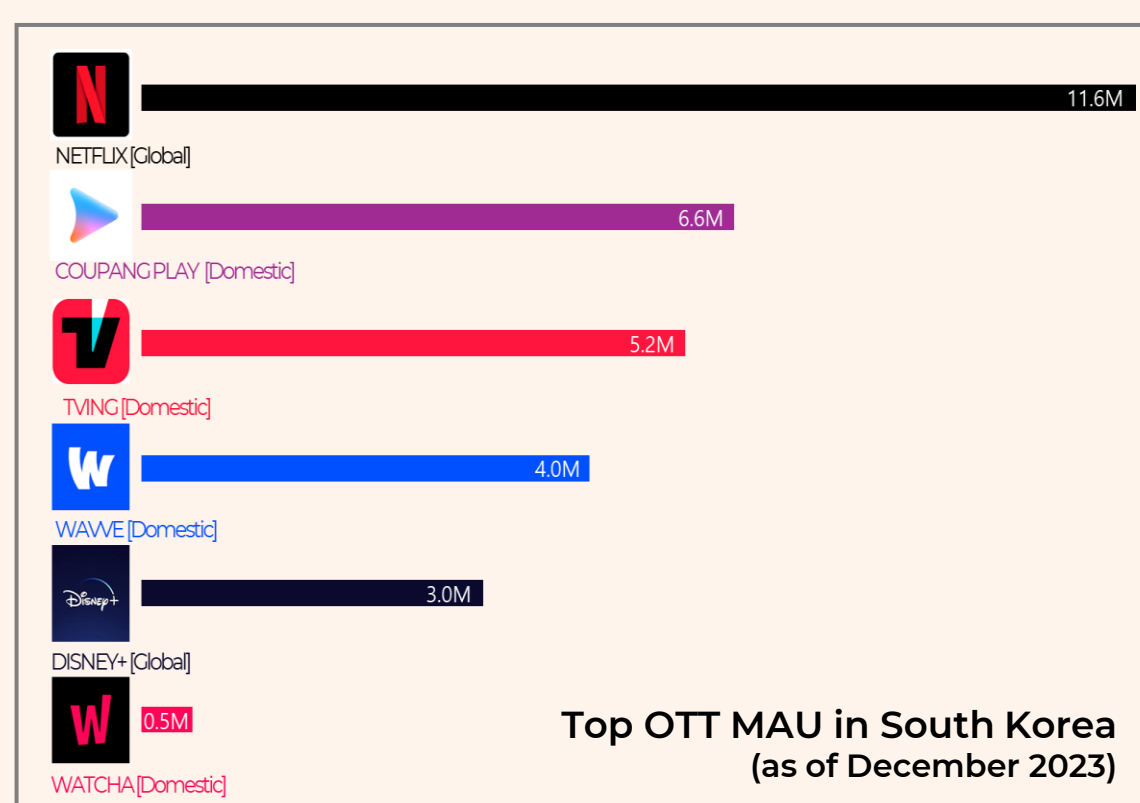
# Is OTT a TV's companion or enemy?



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## Background

- As OTT platforms' influence in the media industry grows, it's important to understand how the viewing experience is changing.
- In South Korea, it is becoming common for TV broadcasters to release content on OTT platforms simultaneously.
- From a windowed distribution strategy perspective, more people are watching TV programs through OTT platforms, which may affect TV viewership.



## Theoretical basis

### Windowed Distribution Strategy

- Windowing is a strategy of distributed release of content through various media platforms (Chang, Lee & Lee, 2004).
- Broadcasters use windowed distribution strategies to reach the largest number of consumers through multiple channels (Shay, 2015).
- It can vary in terms of channels and timing, and the rapidly changing media market demands new strategies (Doyle, 2016).

### OTT and TV

- The emergence of new media cannibalizes old media (Ha & Ganahl, 2004; Rajendran & Thesinghraj, 2014).
- Viewers perceive OTT platforms to be more competitive than traditional TV in all areas, especially in terms of convenience (Chen, 2019).
- However, OTT and TV audiences have different needs, and some view the growth of OTT as an expansion of the media market (Sahu, Gaur & Singh, 2021).

### Viewership

- Viewership is the percentage of households or people watching TV in a population at a given time (Patelis et al., 2003).
- There is a significant positive correlation between topicality and viewership (Ray, 2014; Park et al., 2018).

## Hypothesis

**H1.** The impact of TV and OTT simulcasts on TV viewership will vary based on the characteristics of the OTT platform.

- 1-1. For global OTT platforms, simulcasting will have a positive (+) effect on TV viewership.
- 1-2. For domestic OTT platforms, simulcasting will have a negative (-) effect on TV viewership.

**H2.** The impact of TV and OTT simulcasts on TV viewership will vary based on the characteristics of the TV channel.

- 2-1. Simulcasting will not affect viewership for terrestrial broadcast channels.
- 2-2. Simulcasting will affect viewership for paid cable channels.

## Research Methods

- 281 TV dramas (excluding 4 episodes or less and 100 episodes or more) that started airing between January 1, 2020 and December 31, 2023 were analyzed.
- Viewership data was collected from Nielsen Korea, a ratings research organization.
- Data such as lead actors, genres, number of episodes, broadcasters, age restrictions were collected from the broadcasters' websites.
- OTT platform simulcast data was collected through press releases from OTTs and broadcasters.
- Multiple regression analysis was conducted to control for variables that may affect viewership.

## Analysis

### Descriptive Statistics

Variable	Definition	Mean	Standard deviation	Minimum	Maximum
VIEWERSHIP	Last Episode Viewership	6.921	6.331	0.218	36.800
GLOBAL	Global OTT simulcast if yes=1, no=0	0.400	0.490	0	1
DOMES	Domestic OTT simulcast if yes=1, no=0	0.960	0.194	0	1
GENRE	romance, romantic comedy if yes=1, no=0	0.420	0.495	0	1
LEADACTOR	Lead actor won a drama award within 10 years if yes=1, no=0	0.598	0.491	0	1
EPISODE	number of episodes	15.910	6.276	6	52
AGE_RE	Episodes not intended for under 19s if yes=1, no=0	0.100	0.305	0	1

### For Hypothesis 1

Variable	Viewership			
	Model 1	Model 2	Model 3	Model 4
Intercept	-4.026***(0.933)	-4.391***(0.955)	-2.832†(1.711)	-3.402*(1.743)
GLOBAL	-	1.012*(0.604)	-	0.973†(0.607)
DOMES	-	-	-1.262(1.515)	-1.030(1.518)
GENRE	-0.709(0.606)	-0.797(0.607)	-0.733 (0.607)	-0.813(0.608)
LEADACTOR	2.562***(0.605)	2.454***(0.606)	2.568***(0.605)	2.463***(0.607)
EPISODE	0.597***(0.047)	0.600***(0.047)	0.599***(0.047)	0.602***(0.407)
AGE_RE	2.036*(0.977)	2.165*(0.604)	2.039*(0.977)	2.162*(0.978)
N	281	281	281	281
Adjust R <sup>2</sup>	0.398	0.402	0.397	0.401
F-value	47.242***	38.603***	37.891***	32.183***

Note: † Significance at the 10 percent level; \* Significance at the 5 percent level; \*\* Significance at the 1 percent level; \*\*\* Significance at the 0.1 percent level. Standard error is in parentheses.

### For Hypothesis 2

Viewership	Terrestrial broadcast channel			Paid cable channel		
	Model 1	Model 2	Model 3	Model 1	Model 2	Model 3
Intercept	-4.487***(1.264)	-3.556(2.178)	-3.661(2.243)	-0.977(1.867)	3.027(3.032)	3.132(2.769)
GLOBAL	0.201(0.808)	-	0.166(0.813)	3.410***(0.781)	-	3.300***(0.770)
DOMES	-	-0.911(1.941)	-0.873(1.956)	-	-4.759*(2.270)	-4.120†(2.078)
GENRE	-0.670(0.801)	-0.686(0.801)	-0.697(0.805)	-1.152(0.839)	-0.733(0.904)	-1.017(0.828)
LEADACTOR	2.936***(0.806)	2.968***(0.808)	2.963***(0.810)	0.343(0.778)	0.951(0.820)	0.127(0.773)
EPISODE	0.605***(0.054)	0.605***(0.054)	0.606***(0.054)	0.379***(0.133)	0.501***(0.140)	0.383***(0.130)
AGE_RE	3.604***(1.263)	3.618***(1.263)	3.632***(1.268)	-2.055(1.314)	-3.025*(2.270)	-2.521†(1.314)
N	188	188	188	93	93	93
Adjust R <sup>2</sup>	0.441	0.441	0.438	0.292	0.178	0.315
F-value	30.483***	30.541***	25.324***	8.577***	4.981***	8.044***

Note: † Significance at the 10 percent level; \* Significance at the 5 percent level; \*\* Significance at the 1 percent level; \*\*\* Significance at the 0.1 percent level. Standard error is in parentheses.

## Conclusion

- Simulcasting through global OTT platforms has positive effects on TV viewership by increasing its popularity among diversified audiences. However, simulcasting via domestic OTT platforms does not affect TV viewership. Only for paid cable channels, simulcasts on domestic OTT platforms cannibalize viewers and negatively affect TV viewership.
- While OTT simulcasts have not impacted viewership for terrestrial broadcast channels that are free to watch, their impact is significant for paid cable channels because people who don't pay for cable can watch them via OTT.
- The results of this study suggest that a windowed distribution strategy, which takes into account the characteristics of both OTT platforms and TV channels, is necessary.

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