Original Paper

The Business Plan of Streaming Media app SPREAD

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Abstract

In order to explore whether the future development strategy proposed by the company is reasonable, this paper analyzes the stronger competitors around SPREAD's competitive advantages and disadvantages, and the threats and challenges that it may face if it enters this market. Based on this, the paper first analyzes the potential threats in the early and future periods; then, it analyzes the monetary maximization and advertising presentation to ensure the potential profits provided through value creation; and then, it does a comprehensive data analysis in order to have a comprehensive understanding of the potential future competitors to ensure its competitive position and thus its market share. Finally, the potential expansion of SPREAD in China through a trading strategy provides room for future growth and ensures the longevity of the business. Hence, this report has highlighted how SPREAD can be implemented realistically and profitably through the effective analysis and application of a combination of different strategies throughout the business.

Keywords

SPREAD, Threats and Challenges, Market share

1. Introduction

This report will outline the proposed business strategy for SPREAD including the value creation, revenue streams, competitive strategy and finally scaling and internationalisation. An overview of our business idea, SPREAD, is that it is an interactive app which allows its users to search for specific content on different streaming services and directly connect them to these businesses for ease of use. Firstly, this report will outline the main structure of our business and where its value is generated. Next discussed, is the frameworks surrounding how revenues will be maximised through two methods including data monetisation and advertisements. Additionally, a discussion surrounding the competitive strengths and weaknesses of SPREAD will be presented alongside the judgement of its strongest

competitors and the threats they pose when entering this market. Finally, this report will highlight a proposed strategy for internationalisation into China and the reasons why this is the most effective technique, but also highlight associated, realistic threats.

2. Value Creation

2.1 Value Creation

As a streaming service search database SPREAD will have various avenues for value creation.

First, the app's user experience (UX) will be an important factor. The app will be designed for an easy, beautiful and fulfilling experience. This will be achieved through a smart and simple app design which is easy to navigate. Simple colours will be used to make the app easy on the eye and pleasant to use. This will allow for users to enjoy their experience on the app, and as a result continue to use the platform. Data collection will be used to give the user a personalised experience which is tailored to their own preferences. With this data collection, notifications can be used to recommend new TV shows, movies or podcasts, as well as giving users kick-off times for sports based on what the user has previously watched and enjoyed. Giving these personalised notifications will allow for users to feel important, creating a bond between the app and the users. Personalised notifications also advances SPREAD beyond a basic user experience.

Second, 3rd party reviews will be utilised by the app to allow for the users to easily compare TV shows, movies or podcasts with one another without having to exit the app. This will be part of SPREAD's effort to fulfil the user's needs for convenience. In creating a full experience for the users, from finding a TV show, movie, podcast or sports to seeing the reviews and making comparisons to finally watching the entertainment on the users preferred streaming service, SPREAD is differentiating itself from its competitors.

Third, a social function will be added to the app. This will allow for users to feel a sense of community. Users will be able to see what their friends and family are watching, should they decide to share that information. This will be important as it will allow for users to find commonality with their friends, making SPREAD a significant part of users' everyday lives. Additionally, statistics will also be used to show the most popular TV shows, movies, podcasts and sports events. These statistics will allow for users to see what is popular among other users, separate from the professional critic reviews, giving the users optionality.

Finally, the app will be accessible on phones, laptops, tablets and TV's. This will allow for users to use the app of any device they want, creating a platform on which users can easily find their preferred entertainment and watch it, all on the same device. If SPREAD was not able to be accessed on a certain device then users would need to use another device to find their preferred entertainment and then separately search for it again on their preferred device. This is an extra step which SPREAD aims to allow for users to avoid. Hence, it is vital for SPREAD to be accessible on all devices in order to fulfil its mission of fulfilling its users' need for convenience.

2

*2.2 Business Model Canvas*错误!

Key Partners	Key Activities	Value Propositions	Customer Relationships	Customer Segments
- 3rd Party reviews	- Streaming service search engine.	- A great user experience	- Sports fans want high quality, cheap options to watch their favourite sports, and ways to get merchandise from their favourite clubs.	- Sports fans
- Streaming services -> TV Shows -> Podcasts -> Sports -> Movies	- Allow for users to compare media services and shows to each other.	- The ability to give good recommendations based on what a user has watched and enjoyed.	- TV show and movie watchers want a place to see which shows are good and where to watch them.	- TV show and movie watchers
- Sports clubs -> merchandise -> branding	- Create a social function which allows for a sense of community.	- A social experience where users feel part of a community.	- Podcast listeners want the ability to easily find new and interesting podcasts based on what they are intereted in.	- Podcast listeners
- Advertisers	- Show statistics to users to see which shows are popular on the app.			
	Key Resources		**Channels**	
	- The user experience of the app.		- Customers will be reached through the app on their phone, tablet, laptop or TV.	
	- Data collected from the app as it is an important profit stream.			

Cost Structure	Revenue Streams
- Business and HR expenses	- Data monetization
- Data collection expenses	- Referral fees
- Advertising and marketing	- Advertising

Figure 1. Business Model Canvas

3. Value Capture

SPREAD will capture value through data monetization and advertising.

3.1 Data Monetisation

The majority of our revenue will be generated from data monetization as the company will collect, identify, and analyse enormous volumes of data. As SPREAD has a vast amount of internal user data such as raw data, processed data, and real-time streaming data, our data is a valuable resource that the company can sell as an asset (Baecker, Engert, Pfaff, & Pfaff, 2020). SPREAD will collect user data anonymously with the consent of users such as their age, gender, ethnicity, preference, etc. Our enormous amount of data can be sold to third parties by granting access to our data without giving full control of assets. Economic benefits will comprise the expansion of the customer base. For example, if streaming services companies are entering the new market, they will need a volume of data such as viewing trends, and users' preferences of contents by age and gender to investigate whether they can be successful or not. By using our data access, they can mine the data for insights so that they can make a strategic approach, figuring out what type of data will generate value for the target market. In addition, selling out data will be not limited to the streaming services but opened for a wide variety of industries.

SPREAD will measure price as per-user fee as a basic method of pricing, which means that the buyer will pay per user to get access to data. The price will also differ depending on how deeply the buyer can access it. If the buyer wants the full access of data, a per-user fee will be higher. Moreover, to increase the value of using SPREAD, the company will provide various filtering options to buyers. This allows the buyers to endogenously choose a subset of data records of their selection from any given lists (Mehta, Dawande, Janakiraman, & Mookerjee, 2021). For example, the buyer can filter the data set by country, specific location, gender, age, and any preferences.

When the company is selling data externally, privacy and security issues are the biggest concern. To reduce the risk of data monetization, the company should comply with privacy laws and regulations by anonymizing data by encryption and masking to strengthen the security policy within the organisation (Kasey, 2021). Moreover, it is important for SPREAD to get agreement from the users that the companies will use the data anonymously when users are participating in our service. Therefore, providing transparency toward users such as what data will be used, to which companies and stating easily understandable privacy and security practices are recommended with the utilisation of this strategy.

3.2 Advertising

Our next method of value capture for the business is the integration of advertisements throughout the customer's interaction with the app. This will be done through having businesses pay to promote their products and services through our app and due to the large customer interaction present there, businesses who pay to advertise on our website will have increased reach to potential customers and hence greater sales. Advertisements will generate profits for our business as these companies will have to pay certain amounts depending on the level of intensity they wish to advertise at. The use of

4

advertising as a revenue stream is an effective form highlighted in the example of the Hemisphere Media Group which found a 24% increase in advertising revenues between the years 2017 and 2018 and expected continuation of this growth into future years (O'Brien, 2019).

Nonetheless, the amount of advertising present on the app must be monitored and kept at a reasonable amount in order to be most profitable for SPREAD. As a potential pitfall, if there is too much advertising on the app, users may feel less inclined to use it and it presents a lower quality appeal to it. However, if there is too little advertising then the business will not be effectively utilising this revenue stream and this will cost the business potential profits. This is where continued monitoring of the situation- including the financial and customer feedback- will be effective to combat this potentially detrimental inefficient use of this revenue stream. To summarise, our business will use advertisements as a form of revenue stream in order to maximise profitability.

4. Strategy and Competition

4.1 Competitive Advantage

In a competitive market it is vital that an effective strategy which creates a sustained competitive advantage is established. For SPREAD, the key point of difference compared to other competitors is the wider forms of entertainment that are compatible with the platform offering—including tv, movies, sport, and podcasts. This wider range of options allows for a significantly larger market opportunity then competitors. To further extend the potential market, family mode will engage children who are a significant demographic that engage in content. (Furnham, 2008). Thus, creating a distinct strategic position with customers. that have a higher willingness to use.

By creating this unique strategic position, (Gurbus, 2013) there is a significant advantage in revenue opportunity. The main source of revenue will be selling key user data and demographics to platforms such as Netflix, this combined with the largest number of platforms allows for a diverse revenue stream. Furthermore, once significant market share is achieved, advertising will also become opportunities for revenue. This provides two diversified revenue streams, protected by the ability to retain customers through the diverse platforms provided. Whilst it is possible for a competitor to slowly expand their platforms, the first-mover advantage and significant market share will allow retention of customers. This larger customer base then competitors means that advertisement and data can be sold at a much higher price, facilitating further investment in UX.

Ultimately, SPREAD utilizes a strategy focusing on increased value creation. This is of value to our customers due to the wider range of services, community features and a seamless UX. This then creates increased value to companies looking for user data or promotion and allows SPREAD to be financially viable within this landscape. Due to the customers "willingness to use" (Parent et al., 2011), SPREAD consistently will allow for significant revenue opportunities to offset the costs and provide a profitable and sustainable competitive advantage.

4.2 Competitor Analysis

A competitor that SPREAD faces when entering into this market is Just Watch, which is a Berlin-based start-up that aids over 20 million users per month to find online content. A threat presented by this company is that they operate in over 52 countries and this large international market share allows them to have a greater target audience reach and hence, develop a superior reputation globally (Animation Xpress, 2021). Additionally, JustWatch also prioritises their customers convenience when developing and monitoring their app through their intense focus on speed and expediency. This is similar to SPREAD and could potentially minimise our main competitive advantage of ease of use for consumers, held by our company. To combat this, SPREAD needs to ensure a complete focus on customer satisfaction which is enabled through the other two aspects in value creation including: 3rd party reviews and the social function which allows users to increase their sense of security and community respectively when using the app's features.

ReelGood is another one of SPREAD's largest competitors. ReelGood has taken advantage of the host of streaming service platforms, creating an app which allows for users to search for any movie or TV show. Users can then see where the cheapest place is to buy, rent or stream their chosen entertainment. Reel Good "ingests massive and unstructured amounts of data from 366 different sources for real-time matching and combination using machine learning and human curators" (Perez, 2019). This allows for ReelGood to have a fast and accurate user experience. Additionally, ReelGood combines their fast, accurate user experience with a slick app design, making the user experience a strong competitive advantage of theirs. Finally, ReelGood's market share poses a threat to SPREAD, as it is currently the most extensive streaming search engine in the US and the UK.

5. Scaling and Internationalisation

5.1 Targeting the Foreign Market

Figure 2. Globalization of SPREAD

As for the globalization of SPREAD, we are targeting the markets not only in developed countries such as the United States and across Europe but also markets in developing countries like China. According to (Ballhaus & Chow, 2021), it is estimated that in 2025, the global E&M China market's profit can reach $274bn dollars, second only to the US $624bn dollars. Not only that, in 2020, China's podcast advertising revenue reached US$194 million, ranking second in the world. It is estimated that China will have 485.3 million podcast listeners in 2024, more than twice that of the United States. Hence, China, as a booming potential streaming media market, we hope to successfully enter.

5.2 External Factors and Barriers

From the analysis of external factors, China as the vast market it is not only the second-largest economy in the world, it has built the world's largest 5G high-speed mobile network, and currently has 260 million 5G mobile connections ("China rolls out the world's largest 5G network: MIIT", 2018). It is also the most populous country in the world. Through the analysis of the cultural dimensions of Hofstede, China, as a country with a large power gap, collectivism, and strong masculinity (China, 2017), in customer-specific push services, SPREAD takes into account the preferences of the Chinese market according to local conditions.
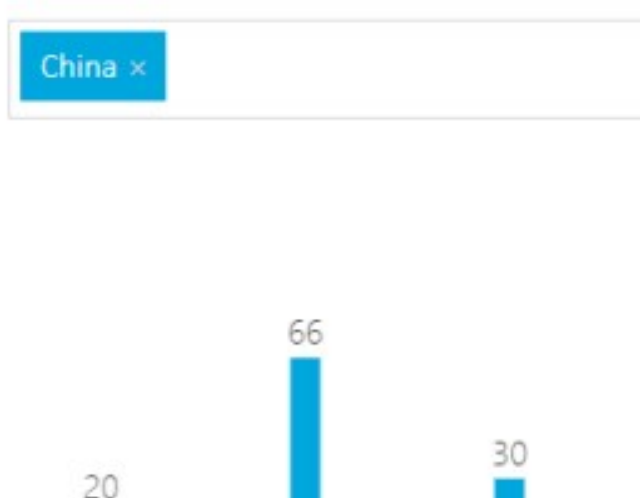
7

HOME › CHINA

Figure 3. 5G Mobile Connections

For other barriers to entering the Chinese market, such as language issues, we will hire local Chinese college students to participate in our subsidiary. Regarding user feedback, we will directly outsource to China Mobile Communications Company. Since the labour cost in China is 283.1€ much lower than that in Australia (2024.6€) (Country comparison Australia vs China minimum wages, 2021), At the same time, it saves a lot of expenses for the enterprise.

Figure 4. Minimum Wages Australia VS China Comparison

5.3 The Global Strategy for SPREAD

Successful companies have developed strategies for doing business in emerging markets, which are different from the strategies they use at home (Khanna, G, Palepu, & Sinha, 2005). For China, SPREAD has formulated a transaction strategy, which is a company that aims to be simultaneously

8

global and local. We will establish a wholly-owned subsidiary in China with certain discretion and autonomy. Comply with international standardization services, the establishment of a wholly-owned subsidiary can not only have its control rights but also because it is established in China and conforms to China's investment promotion plan, it can obtain support from the Chinese government and facilitate the supervision and legal compliance of the Chinese market. For example, the website (http://english.mofcom.gov.cn/article/lawsdata/chineselaw/200211/20021100053822.shtml) stipulated that foreign investment can receive half of the corporate income tax.

5.4 Comparative Advantage in Chinese Market

Regarding competition with local companies, over 80% of mainstream media streaming services in China are monopolized by Tencent Video and iQiyi Video (Ballhaus & Chow, 2021), so they set high prices for the market. At the same time, they only focus on Chinese TV series and movies, with only a few The American TV series and outdated movies also need to be paid before they can be watched. This result is due to the unsuccessful two-year cooperation with Netflix (Kharpal, A., 2019). At the same time, Netflix has not made any progress in China. Therefore, cooperation is inevitably needed to solve the censorship problem (Kharpal, A., 2019). As a multinational streaming media company, SPREAD's comparative advantage is not only to cooperate with Netflix and Disney to provide the most comprehensive search service for movies and TV dramas on the entire network but also with the unique family sharing account and the incentive mechanism to recommend new customers greatly reduce personal expenses. The advantage that Spread cannot be easily imitated by potential opponents in China is also reflected in the international strategy formulated for the Chinese market, especially in consideration of Guanxi, which implies a continued exchange of favours within (interpersonal) relationships (Dobrucali, 2019) Based on Guanxi considerations, Spread will set up a review department, hire the leaders of the Chinese Local Administration of Radio, Film, and Television as consultants with high salaries, and select professional laws and a reputable film review team to review all push programs. This is not only unattainable by other multinational media streaming platforms such as Netflix in a short time, but it will also help us avoid many political risks.

To sum up, SPREAD achieves the growth of vital users in the vast streaming media market in China through low prices and customer reward mechanisms, as well as excellent user experience and an inimitable review mechanism. SPREAD will gradually pass on the scale effect, that is, as the number of users increases. our average total cost will decrease. To achieve profitability.

6. Conclusion

To summarise, SPREAD has many potential opportunities and threats to consider when in the establishment phase and continuing into the future. SPREAD has great potential in its value creation with the multifunctional app that appeals to users ease of use and convenience. Additionally, there are stable methods of revenue maximisation including data monetisation and advertisements present in order to ensure profitability from the potential offered through the value creation. A complete

9

understanding of potential and future competitors will also allow SPREAD to ensure it maintains their competitive advantage to secure market share and make the idea successful within the market. Finally, through outlining a potential expansion into China through the transactional strategy, there is allowed room for growth for SPREAD into the future ensuring the longevity of the business. Hence, this report has highlighted how SPREAD can be implemented realistically and profitably through the effective analysis and application of a combination of different strategies throughout the business.

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10

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