Subscription bundling: Inside secrets part 2

How content providers can stay competitive in a subscription-rich world

TOP SECRET

Key insights from subscription leaders

The rise of bundling

The subscription economy is booming, with the market set to surge across all subscription categories from **$593** billion in 2024 to nearly **$1 trillion** by 2028. While this growth promises increased demand across video streaming, gaming, health, and more, content providers can't afford to get complacent.

2024 marked a turning point, as subscription fatigue reached peak levels and consumers demanded more convenience, personalization, and value. Leading providers have responded by embracing bundling - joining forces with telcos and other resellers in lucrative partnerships that are paving the way for a new type of subscription model.

Currently, **1 in 5** subscribers sign up indirectly, and Omdia forecasts that **1 in 4** streaming video-on-demand (SVOD) subscriptions will be sold through telcos by 2028. With proven gains in customer growth, retention, and cost savings, content providers are realizing that bundling isn't just the future - the time to act is now.

In part two of our inside secrets report, senior executives at ten of the world's largest subscription brands share their insights on implementing a next-generation bundling strategy. We also explore the ways content providers can leverage the award-winning technology from Bango to quickly get started.

The subscriber strikes back

After more than a decade of subscribing to multiple services, customers are feeling burnt out.

The Bango Subscription Wars research series paints a picture of subscribers overwhelmed by the sheer volume of subscriptions and frustrated by the lack of flexibility in managing them.

One executive from a leading SVOD service cautioned that the subscription model is reaching a critical juncture. To avoid the risk of losing customers as the market becomes even more saturated (and subscribers even more frustrated), their organizations are starting to collaborate with each other.

80% of Latin American subscribers say there are too many services to choose from

62% of East Asian subscribers can't afford all the subscriptions they want

50% of European subscribers are frustrated that they can't pause their subscriptions whenever they like

27% of American subscribers access content via pirate streams

> I do think we're approaching a bubble burst. There are too many services, costs are exponential. The monthly streaming bill is now close to a traditional cable service bill. Customers will want to figure out how to get as much as they can out of a single service instead of cherry-picking entities.

Leading streaming service executive

> The video market specifically has fallen back into what people were moving away from - a monthly cable bill where you paid $80 per month for video. Now, you subscribe to all of these OTT services - it's over $100 per month.

Leading productivity app executive

> People are kind of anti-contracts now. People are unsubscribing. There's a lot of new competition in streaming, particularly in the mobile space. If you cancel shows, customers will cancel their subscriptions.

Top 3 video streaming platform executive

Tired of traditional subscriptions, today's consumers are seeking better deals and are readily switching providers for more value. In markets like the USA and Australia, full-service hubs such as Verizon +play and Optus SubHub are reshaping the subscription landscape, delivering unmatched convenience through Super Bundling services that consolidate multiple subscriptions into a single monthly bill.

Content providers are embracing partnerships

Today, bundling multiple services is widely seen as the most effective solution to keep customers engaged. According to [research by Bango and Stream TV], more than 80% of content providers agree that bundling represents the future of the industry, reinforcing its role as a key strategy for combating subscriber fatigue.

Additionally, 70% believe their organizations should collaborate across industries, bundling their services with other content and subscription providers to maximize value. More than half of respondents work for organizations already leveraging bundling strategies. The results are telling:

69% participate in soft bundles, offering access through subscription hubs like Verizon +play

56% are involved in hard bundles, where services are included in package deals

49% provide free access as an optional add-on

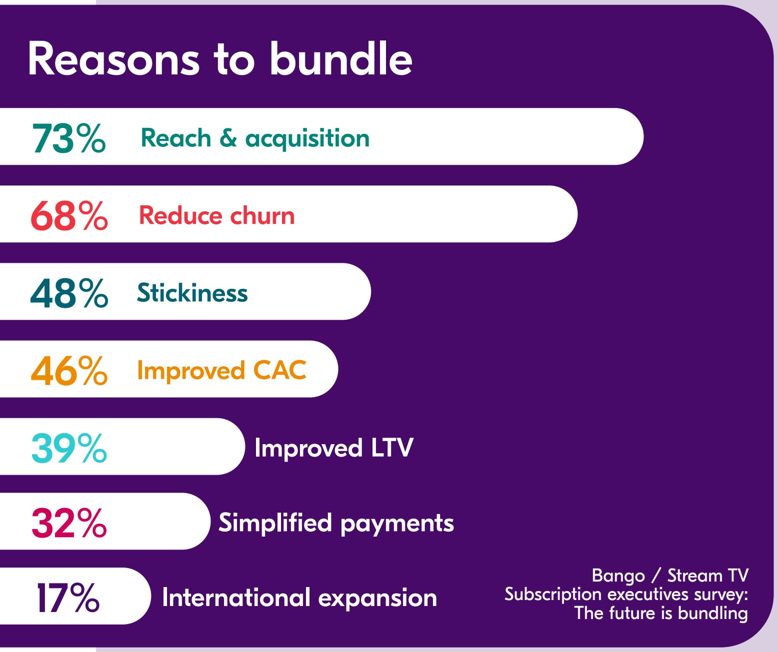
> **For music and video subscription services, anywhere between 10-20% of subscribers have historically come from partnerships and bundles. Telco and OEM partnerships are particularly impactful, as these companies impact many consumers. Gaming is another powerful channel, as games may have tens of millions of players.**
>
> Top 5 video streaming platform executive

> **We plan on being aggressive with partnerships and bundling going forward, and view telcos and internet service providers in particular as a natural fit.**
>
> Leading video streaming platform executive

> **We drive user engagement by tapping partners with strong intellectual property and world-recognizable talent. We can make use of licensed characters and work with other media platforms to distribute our content.**
>
> A mental health & wellness app executive

Bundle to boost loyalty, cut costs, and bring in stickier subscribers

Our executives recognize that bundling in different forms has emerged as a powerful strategy for subscription businesses, with two key goals leading the charge: increasing subscriber numbers and reducing churn.



For content providers, these goals are the primary drivers for bundling, with 73% aiming for subscriber growth and 68% focused on lowering churn as a result.

Our senior executives noted how bundling helped expand audiences while giving subscribers access to multiple services in a consolidated way. One respondent said that their partnership with a country's leading telco - where they'd previously had low penetration - resulted in unprecedented growth, generating one million subscribers in nine months.

> The early growth in subscription services, we saw 20% of that come from partnerships. This was the case in the first year for us. As we gained brand recognition and did marketing on our platform, that percentage started to dip. But it was still in the 10% range.
>
> Top 3 video streaming platform executive

> In APAC, most streaming content is from Korea and Japan. Our service - with its US content - wasn't that appealing. Partnering with telcos was a boost to our business. People knew our telco partners, they trusted them, and this put us right in front of those customers.
>
> Leading productivity app executive

> The biggest jump in subscriber retention was thanks to bundling, especially hard bundling. We had a bundle that was part of a cell plan, where you could pick from a selection of services. We had a subscriber locked in for a year. The metric we tracked was paid member months - we tracked this by country, and saw it uptick with this more robust billing partnership in place.
>
> Leading video streaming platform executive

> Bundles are revenue drivers that have built our customer base. They lower churn and provide a lot of stickiness. If there's a new telecom offering, a new network, or service launch, we'll talk to them - or they'll come to us - and make sure that when they release it, we're able to support it.
>
> Top 3 video streaming platform executive

Nearly half (48%) of senior executives highlighted improving service "stickiness" as a key advantage. Additionally, 46% pointed to bundling as a way to reduce customer acquisition costs (CAC), while 39% emphasized its role in boosting customer lifetime value (LTV). Other notable advantages listed included simplifying payment processes (32%) and opening doors to international market expansion (17%).

A senior executive at a top wellness app described how partnerships create demand and build brand awareness for their business, with a recent bundle with a music streaming service generating hundreds of thousands of new customers.

Many of the executives we spoke to agreed that bundling helps bring in revenue from both the partner organizations and the end consumers, driving down customer acquisition costs while increasing stickiness and boosting customer loyalty.

It makes sense. Our research has shown time and again that subscribers are crying out for simplified subscription management - and would be more engaged, higher-paying and loyal customers for it.

The message is clear: bundling not only drives subscriber growth but also unlocks multiple opportunities to enhance customer loyalty, streamline operations, and fuel global expansion.

68% of subscribers in LATAM would spend more time using their subscription services if an all-in-one subscription platform were available

67% of subscribers in the USA would be more loyal to a brand that provided a content hub

38% of European subscribers and 37% of East Asian subscribers would be willing to pay a higher bill if it included a package of popular subscriptions

> Our partnership strategy is about bringing customers into the pipeline via a trial that generates lower customer acquisition costs. One example was a partnership with a games console for a video game when it was released last year. This was a great promotion. It moved the needle for us.
>
> Leading video streaming platform executive

> In a successful partnership, you save money in customer acquisition, this is how you can afford to sell the product at a lower cost.
>
> Leading music streaming service executive

> Partnerships are a great way of entering into international markets where you may have low brand awareness.
>
> Leading productivity app executive

Choosing the right partner

When it comes to partnerships, more than half (56%) of the content providers we surveyed highlighted broadband and mobile operators as strong contenders thanks to their powerful distribution networks, especially within mobile-first markets like LATAM where content is primarily consumed on smartphones.

From a consumer perspective, telcos also win out. Bango data shows that the majority (55%) of subscribers in LATAM want mobile operators to lead the charge on creating centralized content hubs - with that figure at 50% in the USA and 46% in Europe. Those subscribers would even be willing to pay between 17% and 21% more towards their mobile bill if subscriptions were included in the price.

Many of the executives we spoke with acknowledged the proven benefits of partnering with telcos for bundled offerings, citing market penetration, international expansion and established payment infrastructure as key advantages.

> Telcos are one of the best partners for streaming companies. The core benefits of partnering with telcos are reach, user acquisition, and low friction when it comes to payments.
>
> Top 3 video streaming platform executive

> The most successful partnerships with telcos may generate millions of new subscribers.
>
> Leading video streaming platform executive

> Telco partnerships are a key part of international expansion, they can raise awareness among consumers, and elevate brands. In some markets, having a telco as a trusted partner means prospective customers will consider your service to be legitimate. Telcos also serve as a way of bringing in customers with valid digital payment information.
>
> Leading language app executive

Strategies for successful bundling

Of those organizations with a mature bundling strategy, the majority see strong partner alignment and clear technical integration as two major prerequisites to successful bundling.

When choosing partners, businesses should align partnership goals with their overall strategy - whether for user acquisition, awareness, or revenue growth. It's important to consider a partner's reach, technical capabilities, and audience alignment when expanding into new markets.

The senior executives surveyed agreed that partnerships are most successful when aligned with company goals and both parties have financial incentives (e.g. minimum revenue guarantees). Regular communication, a strong user discovery process, and well-negotiated contracts are also critical.

> **We need to make sure the partnership meets the target demographic. So we look at where the target customer shops, what else they spend disposable income on, etc. We make sure there's a robust picture of who the customer is and what their interests are.**
>
> A mental health & wellness app executive

> **A subscription company may not be interested in partnerships if they generate less than 50K new subscribers. However, for partnerships that require less investment - such as a free trial - these agreements can pay off.**
>
> Leading video streaming platform executive

> **We try to partner with brands that are equal in reach and size or bigger. We reach 75M customers and we'd rarely partner with a small brand with only 5-10 million.**
>
> A mental health & wellness app executive

> **Our business is very protective of its brand and who we partner with. Our partner's brand's values have to align with ours.**
>
> A mental health & wellness app executive

Hard bundles with telcos appear to offer the greatest rewards but require significant investment in integration and negotiation. Loyalty programs can be a lower-risk partnership model, as seen with one language learning platform, although success varies based on how well telcos engage users. Smaller brands are finding their niche in more flexible, soft-bundling models that allow them to participate in large marketplaces without significant upfront investment.

It's also essential to segment the market and tailor promotions to maximize retention without being too broad. Working closely with partners ensures targeted, effective marketing.

For partnerships, we thought a lot about user flow, decreasing the steps and friction it takes to sign up. A hard bundle is all about decreasing friction - it's all integrated, you don't have to pull out a credit card, it's all in there.

Leading video streaming platform executive

You do need to segment the market and work with your partner on which segments are eligible, to maximize user retention. It is important to have the reach to hit a large part of the user base, but you also need to be specific enough to retain them. You don't want to be too broad with your promotions and your marketing.

Leading productivity app executive

Overcoming challenges of bundling

For many senior executives, hesitation around bundling often stems from worries about its complexity. Yet many also acknowledge the operational struggle of independently building a profitable direct-to-consumer service - underscoring the limitations of the status quo.

A senior executive summarized it perfectly when they said, "Each deal is structured differently; there is no one size fits all."

The task of managing multiple partners is a primary source of worry. A significant 61% of subscription service executives surveyed in the Bango and StreamTV research anticipate hurdles in managing multiple partnerships, noting the intricate process of integrating with even a single telco, which can take up to a year - or longer. And they're well aware that scaling this across several partners will further complicate operations.

However, it's also crucial to understand that these concerns reflect the uncertainties around scaling bundling strategies and are not inevitable roadblocks. With the right frameworks in place, content providers can overcome these obstacles and position themselves for success in a rapidly evolving market.

"Each platform will have its own flavor of errors and issues, and some are hard to predict. It sometimes feels like playing digital whack-a-mole.

Top 5 video streaming platform executive

"Our music streaming partnership took a year to create an API so that if someone canceled that subscription, their subscription to our platform was also canceled.

A mental health & wellness app executive

"There's a technical lift in terms of the engineering and product work required to create a seamless experience for the user. This takes time, requires a lot of work to set up, and requires ongoing maintenance.

A mental health & wellness app executive

"When it comes to a public-facing customer complaint, the customer doesn't know it's a platform problem and not the streaming service's fault.

Top 5 video streaming platform executive

How to bundle with Bango

The Digital Vending Machine® (DVM™) from Bango is revolutionizing how content providers expand their reach and maximize the potential of subscription bundling. Through a single, seamless integration, they join a global network of over 180 resellers and content providers. The DVM™ eliminates the complexities of traditional integrations, enabling providers to scale quickly, reduce operational overhead, and unlock new sales channels with ease.

Speed to market is critical in today's fast-moving subscription economy, and the DVM™ delivers. Instead of the months-long process required for multiple direct integrations, the DVM™ allows content providers to connect once and launch with resellers including telcos, banks and retailers in as little as two to four weeks. This rapid integration accelerates growth and opens the door to millions of new customers worldwide. A leading SVOD provider leveraged the DVM™ to connect with over 70 telcos across 43 countries, creating entirely new revenue streams and expanding its global footprint - all with minimal effort.

The DVM™ simplifies more than just integration. It enables content providers to focus on growth by removing the need for extensive maintenance and operational management. With Bango taking care of ongoing API updates and standardizing the commercial and technical processes, providers can focus on delivering the best content experience to their customers. This efficiency not only saves time and cost but also ensures providers remain agile in an increasingly competitive market.

For those looking to test new markets without upfront costs, the eDisti model from Bango is the perfect entry point. It showcases your content to over 100 global resellers, offering a low-risk, low-cost way to manage distribution through simple wholesale pricing - no direct DVM™ license required.

What's more, the DVM™ is a state-of-the-art SaaS product that evolves continuously, delivering new features and enhancements. This ensures content providers enjoy effortless access to the latest functionalities, eliminating the need for custom development or ongoing maintenance.

The world's leading subscription brands choose Bango to work with them in their subscription bundling initiatives, including Disney+, Xbox Game Pass and Microsoft 365. Using the DVM™ has allowed them to easily open up indirect channels to market with other players in the subscription ecosystem and access millions of new customers.

If you're ready to drive growth, improve customer retention, and become a leader in the subscription economy, reach out now to explore how you can leverage the power of the DVM™.

bango®

For more information please visit: **www.bango.com** and contact us at **sales@bango.com**

Bango PLC
326 Cambridge Science Park,
Cambridge, CB4 0WG
Registered in England
No. 05386079