

Analyzing OTT Platform Churn Rate: A Study of User Discontinuation Intention in Hyderabad audience

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ABSTRACT

The rapid rise of Over-The-Top (OTT) platforms has revolutionized entertainment consumption by providing video streaming services through the internet, eliminating the need for traditional cable or satellite TV. In India, OTT adoption has grown due to faster internet connections, affordable data plans, and increased smartphone usage. However, despite this growth, high churn rates remain a challenge, affecting user retention and revenue. This study, "Analyzing OTT Platform Churn Rate: A Study of User Discontinuation Intention in Hyderabad Audience," investigates the factors driving user dissatisfaction and subscription cancellations in Hyderabad, a region known for its diverse and digitally active population. The research identifies three primary causes of dissatisfaction: content dissatisfaction, perceived overpricing, and perceived system inadequacy. Content dissatisfaction occurs when users find the platform lacking in variety or personalization, while perceived overpricing refers to the subscription cost outweighing the value received. System inadequacy involves technical issues such as buffering, poor interface design, and glitches that hinder smooth usage. A Likert scale questionnaire was used to assess how these factors influence user satisfaction and discontinuation intentions. The study further explores how social influence, especially from friends, family, and influencers, impacts content discovery and user preferences, with younger users being more susceptible to trends and the fear of missing out (FOMO). The findings suggest that OTT providers can reduce churn by offering diverse, regularly updated content, competitive pricing, and user-friendly interfaces supported by efficient delivery systems. Personalization, intuitive design, and targeted marketing strategies also play a crucial role in improving user experience and satisfaction.

Keywords: OTT Platforms, User Dissatisfaction, Churn Rate, Discontinuation Intention, User Experience (UX)

INTRODUCTION

The emergence of Over-The-Top (OTT) platforms has fundamentally transformed the global entertainment industry by changing how consumers access and consume media content. OTT services deliver video content directly over the internet, bypassing traditional cable, broadcast, and satellite television systems (Prabhavathy & Senthilkumar, 2025). Advancements in internet infrastructure, declining data costs, widespread smartphone adoption, and evolving consumer preferences have accelerated the shift toward on-demand, personalized media consumption. As a result, users now enjoy greater flexibility, convenience, and control over their viewing experiences.

The global OTT market has witnessed rapid growth, reaching a valuation of USD 121.61 billion in 2020, with projections indicating sustained expansion in the coming years. India has emerged as one of the fastest-growing OTT markets, driven by its large digital population and affordable internet access. The Indian OTT ecosystem currently hosts approximately 40 platforms, creating an intensely competitive environment where service providers continuously strive to acquire and retain subscribers. While this expansion presents significant opportunities, it also intensifies challenges related to customer retention.

In this highly competitive landscape, subscriber churn and user discontinuation intention have become critical concerns for OTT service providers. Subscriber churn refers to the cancellation of paid subscriptions by users and represents a major threat to platform sustainability and profitability (Malik, 2022). Studies indicate that streaming platforms experience notable monthly subscriber losses, making churn management a strategic priority. Retaining existing users is often more cost-effective than acquiring new ones, as high churn rates lead to increased marketing costs and revenue instability. Moreover, negative user experiences such as dissatisfaction with content, pricing, or platform performance can significantly influence users' acceptance of a platform and increase their intention to switch to competing services (Prabhavathy & Senthilkumar, 2025).

Prior research identifies several key factors influencing user satisfaction and retention in OTT platforms. These include content diversity and richness, user experience (UX), subscription pricing, platform usability, and the availability of exclusive content. Users place high importance on seamless streaming quality, intuitive interfaces, personalized recommendations, and affordability. In addition, social influence particularly recommendations from peers and digital influencers plays a crucial role in content discovery and subscription decisions, especially among younger audiences. In the Indian context, digital piracy further contributes to discontinuation intention, often driven by perceived high prices, limited content availability, and the Fear of Missing Out (FOMO) associated with trending shows and films.

Despite extensive research on OTT adoption and churn at global and national levels, there is a lack of localized studies that capture region-specific user behavior and preferences. Localized research is essential to account for socio-cultural, economic, and technological variations that broader studies may overlook. Addressing this gap, the present study titled "Analyzing OTT Platform Churn Rate: A Study of User Discontinuation Intention in the Hyderabad Audience" aims to examine the key drivers of user dissatisfaction and discontinuation intention within Hyderabad a metropolitan city characterized by a digitally active and demographically diverse population. By focusing on this regional context, the study seeks to provide actionable insights for OTT service providers to design targeted retention strategies and reduce churn.

METHODOLOGY

This study adopted a quantitative research approach using a structured questionnaire to analyze the factors influencing OTT platform churn rate among the Hyderabad audience. The questionnaire consisted of 15 statements categorized under five key variables Content Dissatisfaction, Perceived Overpricing, Perceived System Inadequacy, User Dissatisfaction, and Discontinuation Intention with three questions under each variable. All items were measured using a five-point Likert scale ranging from Strongly Agree to Strongly Disagree. The survey was distributed online, and a total of 75 valid responses were collected for analysis. The collected data was then used to identify patterns and correlations between user dissatisfaction factors and their intention to discontinue OTT subscriptions.

Table 1. Questionnaire Design

Content Dissatisfaction (Yoon & Kim, n.d.)
• The OTT platform does not provide a wide variety of content. (CD1) • The OTT platform rarely updates with the latest content. (CD2) • The OTT platform offers fewer shows or movies than I expect. (CD3) • I often find the content repetitive or unappealing. (CD4) • The OTT platform's content does not match my interests or preferences. (CD5)
Perceived Overpricing (Yoon & Kim, n.d.)
• I feel the subscription fee for OTT services is too high. (PO1) • The price I pay for OTT content is not worth it. (PO2) • OTT service s charge more than the value they provide. (PO3) • I often feel overcharged for accessing OTT platforms. (PO4) • The cost of OTT services makes me reconsider continuing my subscription. (PO5)
Perceived System Inadequacy (Yoon & Kim, n.d.)
• Performing my operations takes too many steps and feels time-consuming. (PSI1) • The menu design is complex and hard to understand. (PSI2) • Going back or returning to the main menu is not easy. (PSI3) • I face frequent interruptions (e.g., buffering, crashes, glitches). (PSI4) • The overall user interface makes the experience frustrating. (PSI5)
User Dissatisfaction (Yoon & Kim, n.d.)
• I am generally dissatisfied with using OTT platforms. (UD1) • The purpose of my content search on OTT platforms is often not fulfilled. (UD2) • The service provided by OTT platforms is unsatisfactory. (UD3) • I often feel disappointed with my overall OTT experience. (UD4) • OTT platforms generally fail to meet my expectations. (UD5)
Discontinuation Intention (Yoon & Kim, n.d.)
• I am thinking of cancelling my OTT subscriptions in the near future. (DI1) • I am considering cancelling my subscription. (DI2) • I would prefer to shift to free platforms rather than continue paying for OTT services. (DI3) • I feel that continuing with OTT platforms is not worthwhile. (DI4) • My future usage of OTT services is uncertain. (DI5)

Source: Processed Data

The questionnaire was structured to measure the key constructs influencing user discontinuation intention in OTT platforms using well-established measurement scales adapted from prior research. The instrument consists of five constructs: Content Dissatisfaction, Perceived Overpricing, Perceived System Inadequacy, User Dissatisfaction, and Discontinuation Intention. Content Dissatisfaction was measured using five items (CD1–CD5) that assess users' perceptions regarding content variety, frequency of updates, relevance, and repetitiveness. These items capture the extent to which content-related shortcomings contribute to dissatisfaction with OTT platforms. Perceived Overpricing was measured through five statements (PO1–PO5) evaluating users' perceptions of subscription price fairness, value for money, and cost-related reconsideration of continued usage.

Perceived System Inadequacy was assessed using five items (PSI1–PSI5) focusing on usability issues, interface complexity, navigation difficulties, and technical interruptions such as buffering or system crashes. User Dissatisfaction was measured using five items (UD1–UD5) that reflect users' overall dissatisfaction, unmet expectations, and negative service experiences while using OTT

platforms. Finally, Discontinuation Intention was measured using five items (DI1–DI5) capturing users' likelihood of cancelling subscriptions, shifting to free alternatives, and uncertainty regarding future usage. All items were measured on a five-point Likert scale ranging from Strongly Agree to Strongly Disagree. The use of validated scales ensures content validity and reliability of the measurement instrument.

RESULTS AND DISCUSSION

Data Analysis

Multicollinearity Test

Table 2 explains that the multicollinearity test was conducted to assess whether high correlations exist among the indicators and constructs used in the structural model. The Variance Inflation Factor (VIF) values for both outer and inner loadings were examined to ensure the absence of redundancy among variables. The results show that all outer VIF values range between acceptable limits, and the inner VIF values are also below the recommended threshold of 5. This indicates that multicollinearity is not present in the model, confirming that each construct contributes uniquely to the analysis. Therefore, the predictors used in the model are statistically independent and suitable for further hypothesis testing and structural model evaluation.

The multicollinearity test was conducted to ensure that the constructs used in the structural model were free from redundancy and highly correlated indicators. Both VIF (Variance Inflation Factor) values for outer and inner loadings were examined. The outer VIF values, which assess indicator-level multicollinearity, ranged between 1.58 and 2.69, while the inner VIF values, which evaluate construct-level collinearity, ranged between 2.76 and 3.98. Since all VIF values were below the threshold of 5, it indicates that no multicollinearity problem exists among the indicators or constructs. This confirms that the model's predictors are distinct and suitable for further structural analysis.

Table 2. Multicollinearity Test

VIF - Outer Loading		Collinearity Statistics - VIF Inner Loading	
CD 1	2.564	CD -> Discontinuation Intention	3.336
CD 2	1.583	CD -> User Dissatisfaction	2.792
CD 3	2.698	PO -> Discontinuation Intention	2.972
DI 1	2.197	PO -> User Dissatisfaction	2.861
DI 2	1.911	PSI -> Discontinuation Intention	3.423
DI 3	1.78	PSI -> User Dissatisfaction	2.768
PO 1	1.851	UD -> Discontinuation Intention	3.978
PO 2	1.898		
PO 3	2.453		
PSI 1	1.773		
PSI 2	2.068		
PSI 3	1.88		
UD 1	2.564		
UD 2	2.339		
UD 3	1.83		

Source: Processed Data

Table 3. Model Fit – Outer Loadings of Measurement Items

	CD	DI	PO	PSI	UD
CD 1	0.9				
CD 2	0.804				
CD 3	0.906				
DI 1		0.893			
DI 2		0.864			
DI 3		0.836			
PO 1			0.837		
PO 2			0.859		
PO 3			0.904		
PSI 1				0.845	
PSI 2				0.879	
PSI 3				0.862	
UD 1					0.906
UD 2					0.884
UD 3					0.852

Source: Processed Data

Table 4. Construct Reliability and Validity of Model

	Cronbach's alpha	Composite Reliability (ρ_a)	Composite Reliability (ρ_c)	Average Variance Extracted (AVE)
Content Dissatisfaction	0.84	0.847	0.904	0.759
Discontinuation Intention	0.831	0.835	0.899	0.748
Perceived Overpricing	0.835	0.837	0.901	0.752
Perceived System Inadequacy	0.827	0.828	0.897	0.743
User Dissatisfaction	0.855	0.856	0.912	0.776

Source: Processed Data

Table 3 explains that the outer loadings of all measurement items exceed the minimum acceptable threshold of 0.70, indicating strong indicator reliability. High outer loading values suggest that each observed variable has a strong association with its corresponding latent construct. This confirms that the questionnaire items effectively capture the intended dimensions of content dissatisfaction, perceived overpricing, perceived system inadequacy, user dissatisfaction, and discontinuation intention. The results support the adequacy of the measurement model and validate the use of these indicators for subsequent structural analysis.

Table 4 explains that the constructs used in the study demonstrate strong internal consistency and convergent validity. Cronbach's alpha values for all constructs exceed the recommended benchmark of 0.70, indicating reliable measurement. Composite reliability values further confirm consistency among the indicators measuring each construct. Additionally, the Average Variance Extracted (AVE) values are above 0.50 for all constructs, signifying that each construct explains more

than half of the variance in its indicators. These results confirm that the measurement model is both reliable and valid for analyzing relationships among variables.

Table 5 explains that the overall structural model exhibits an acceptable level of goodness of fit. The Standardized Root Mean Square Residual (SRMR) value is below the recommended cut-off value of 0.08, indicating a good fit between the observed data and the proposed model. Other fit indices such as d_ULS, d_G, Chi-square, and the Normed Fit Index (NFI) further support the adequacy of the estimated model. Collectively, these indices suggest that the model is well specified and suitable for interpreting the relationships among the constructs.

Table 6 explains that the model demonstrates strong explanatory power for the dependent constructs. The R-square value for User Dissatisfaction indicates that a substantial proportion of variance is explained by content dissatisfaction, perceived overpricing, and perceived system inadequacy. Similarly, the R-square value for Discontinuation Intention shows that user dissatisfaction accounts for a significant proportion of variance in users' intention to discontinue OTT services. The adjusted R-square values further confirm the robustness of the model by accounting for the number of predictors used. These results highlight the effectiveness of the proposed framework in explaining user dissatisfaction and churn behavior.

Table 5. Model Fit Summary – Goodness of Fit Indices

Fit Index	Saturated Model	Estimated Model
SRMR	0.071	0.071
d_ULS	0.597	0.597
d_G	0.559	0.559
Chi-square	241.898	241.898
NFI	0.75	0.75

Source: Processed Data

Table 6. R-Square and Adjusted R-Square Values for Dependent Constructs

Dependent Construct	R-square	R-Square Adjusted
Discontinuation Intention	0.655	0.636
User Dissatisfaction	0.749	0.739

Source: Processed Data

Table 7. Path Coefficients

	Path coefficients
Content Dissatisfaction -> Discontinuation Intention	-0.019
Content Dissatisfaction -> User Dissatisfaction	0.37
Perceived Overpricing -> Discontinuation Intention	0.153
Perceived Overpricing -> User Dissatisfaction	0.167
Perceived System Inadequacy -> Discontinuation Intention	0.147
Perceived System Inadequacy -> User Dissatisfaction	0.406
User Dissatisfaction -> Discontinuation Intention	0.577

Source: Processed Data

Table 7 explains that the path coefficients represent the strength and direction of relationships between the independent variables, the mediating variable, and the dependent variable in the structural model. The results indicate that User Dissatisfaction has the strongest positive influence on Discontinuation Intention, highlighting it as the primary determinant of users' decision to discontinue OTT subscriptions. Among the antecedent variables, Perceived System Inadequacy and Content Dissatisfaction show strong positive effects on User Dissatisfaction, indicating that technical issues and content-related shortcomings significantly contribute to dissatisfaction. In contrast, the direct effect of Content Dissatisfaction on Discontinuation Intention is negligible, suggesting that its impact occurs primarily through the mediating role of User Dissatisfaction. Perceived Overpricing demonstrates comparatively weaker effects on both User Dissatisfaction and Discontinuation Intention.

This indicates that User Dissatisfaction has the strongest positive influence on Discontinuation Intention (0.577), indicating it is the primary driver for users' discontinuation decisions. Among the antecedents, Perceived System Inadequacy (0.406) and Content Dissatisfaction (0.37) show strong positive effects on User Dissatisfaction. In contrast, Content Dissatisfaction has a negligible direct effect on Discontinuation Intention (-0.019), suggesting its impact is mainly indirect through User Dissatisfaction. Perceived Overpricing shows weaker positive effects on both Discontinuation Intention (0.153) and User Dissatisfaction (0.167).

Table 8 explains that the hypothesis testing results were evaluated using path coefficients, t-statistics, and p-values to determine the statistical significance of the proposed relationships. The findings reveal that Content Dissatisfaction and Perceived System Inadequacy have statistically significant positive effects on User Dissatisfaction, providing strong support for the corresponding hypotheses. Perceived Overpricing also shows a statistically significant but weaker effect on User Dissatisfaction. Furthermore, User Dissatisfaction exhibits a strong and statistically significant influence on Discontinuation Intention, confirming its central role in driving churn behavior. However, the direct effects of content dissatisfaction, perceived overpricing, and system inadequacy on discontinuation intention are not statistically significant, indicating that these variables influence discontinuation intention indirectly through User Dissatisfaction.

Table 9 explains that the direct effects analysis examines the individual influence of content dissatisfaction, perceived overpricing, and perceived system inadequacy on discontinuation intention. The results show that Content Dissatisfaction and Perceived System Inadequacy have statistically significant direct effects on Discontinuation Intention, whereas the effect of Perceived Overpricing is relatively weaker and marginally significant. These findings suggest that while pricing concerns alone may not strongly drive users to discontinue OTT services, content-related issues and system performance problems can directly increase users' intention to churn. Overall, the results reinforce the importance of addressing both content quality and technical performance to reduce discontinuation intention.

The findings show strong support for most the proposed hypotheses. Results reveal that Content Dissatisfaction ($\beta = 0.370$, $p = 0.001$) and Perceived System Inadequacy ($\beta = 0.406$, $p = 0.000$) have strong positive effects on User Dissatisfaction, confirming that repetitive or irrelevant content and technical issues like buffering or poor interface design significantly increase user dissatisfaction with OTT platforms. Although Perceived Overpricing ($\beta = 0.167$, $p = 0.049$) is statistically significant, its effect is weak, indicating that pricing plays only a minor role in influencing dissatisfaction. Hence, H2 is not strongly supported in practical terms.

Table 8. Path Coefficients and Hypothesis Testing Results

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
Content Dissatisfaction -> Discontinuation Intention	-0.019	-0.026	0.13	0.146	0.442
Content Dissatisfaction - User Dissatisfaction	0.37	0.38	0.116	3.185	0.001
Perceived Overpricing Discontinuation Intention	0.153	0.157	0.129	1.183	0.119
Perceived Overpricing User Dissatisfaction	0.167	0.166	0.101	1.66	0.049
Perceived System Inadequacy Discontinuation Intention	0.147	0.159	0.146	1.003	0.158
Perceived System Inadequacy -> User Dissatisfaction	0.406	0.4	0.111	3.649	0.00
User Dissatisfaction - Discontinuation Intention	0.577	0.571	0.176	3.286	0.001

Source: Processed Data

Table 9. Direct Effects of Independent Variables on Discontinuation Intention

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
Content Dissatisfaction -> Discontinuation Intention	0.213	0.218	0.101	2.108	0.018
Perceived Overpricing -> Discontinuation Intention	0.097	0.094	0.067	1.437	0.075
Perceived System Inadequacy -> Discontinuation Intention	0.234	0.227	0.093	2.53	0.006

Source: Processed Data

User Dissatisfaction shows a strong positive impact on Discontinuation Intention ($\beta = 0.577$, $p = 0.001$), confirming that dissatisfied users are more likely to discontinue their subscriptions. However, the direct effects of content, pricing, and system inadequacy on discontinuation were all insignificant, showing that these influence discontinuation indirectly through User Dissatisfaction.

The model demonstrates strong explanatory power with $R^2 = 0.749$ for User Dissatisfaction and $R^2 = 0.655$ for Discontinuation Intention. User Dissatisfaction acts as a key mediator linking content quality, pricing, and technical issues with users' intention to discontinue OTT services. Among these factors, content quality and system performance are the strongest predictors of dissatisfaction, while pricing has minimal influence. For OTT platforms in Hyderabad, enhancing content variety and improving technical performance should be prioritized to minimize user churn and strengthen customer loyalty.

Table 10. Discriminant Validity of the Model

Variables	Content Dissatisfaction	Discontinuation Intention	Perceived Overpricing	Perceived System Inadequacy	User Dissatisfaction
Content Dissatisfaction					
Discontinuation Intention	0.798				
Perceived Overpricing	0.905	0.818			
Perceived System Inadequacy	0.896	0.858	0.905		
User Dissatisfaction	0.941	0.941	0.889	0.959	

Source: Processed Data

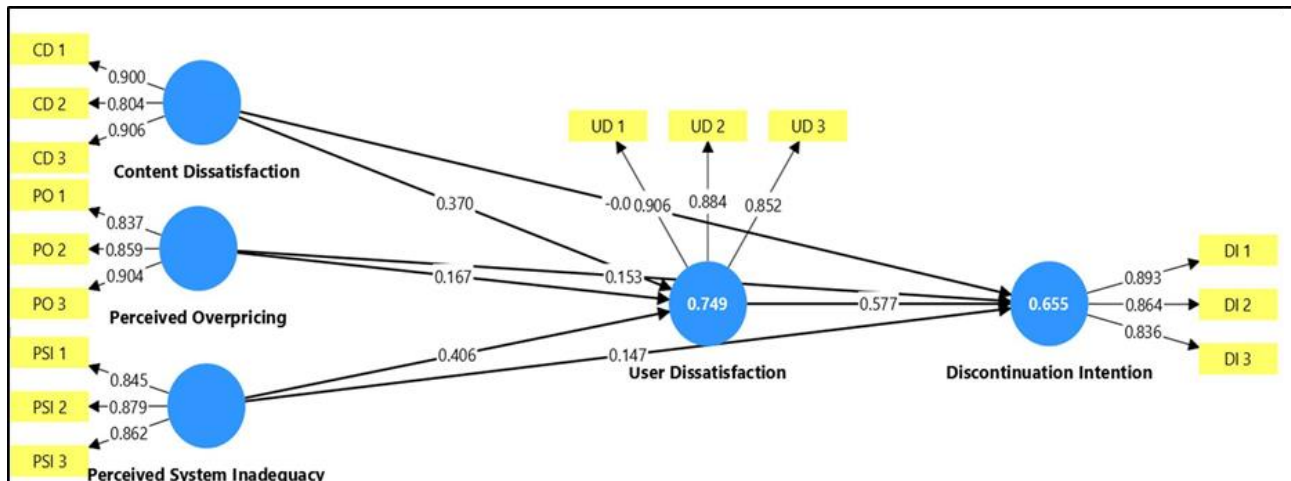


Figure 2. Basic PLS-SEM Model

Implications to Theory and Practice

This study reinforces and extends the theoretical understanding of user discontinuation intention within the OTT service context by validating that user dissatisfaction acts as a mediating construct between content dissatisfaction, perceived overpricing, and system inadequacy. The findings empirically support the application of user experience (UX) and perceived value theories in explaining churn behaviour. It adds localized evidence from the Hyderabad audience to the broader discourse on digital media consumption, demonstrating how socio-cultural and affordability factors interplay with psychological and technological dimensions of user satisfaction.

From a managerial perspective, the results highlight the necessity for OTT platforms to prioritize customer retention strategies over flexibility to match the perceived value expectations of different income segments. Addressing technical inefficiencies such as buffering, app crashes, and interface complexity will significantly improve user experience and mitigate dissatisfaction. Moreover, targeted communication leveraging social influence and community engagement can help maintain user interest and reduce churn among younger demographics.

LIMITATIONS

While the study provides valuable insights, it is limited by its sample size (n=75) and geographical concentration in Hyderabad, which may restrict the generalizability of findings to other regions or demographic groups. The use of self-reported data could also introduce response bias, as participants may have subjectively rated their satisfaction and discontinuation intentions. Additionally, the model focused primarily on three antecedents content dissatisfaction, perceived

overpricing, and system inadequacy excluding other possible influencers such as customer service quality, emotional attachment, or brand trust.

FUTURE RESEARCH DIRECTIONS

Future studies could expand the model by including psychological variables such as perceived enjoyment, trust, and brand attachment to provide a more holistic understanding of user behaviour. Comparative analyses across different cities or countries can help determine cultural variations in churn behaviour. Incorporating longitudinal data could also strengthen causal inference regarding dissatisfaction and discontinuation intention. Furthermore, future research may explore the role of AI-driven personalisation, gamification, and loyalty programs as potential mediating or moderating factors that influence user retention in OTT platform.

CONCLUSION

This study examined the factors influencing user discontinuation intention in OTT platforms within the Hyderabad audience by adopting a PLS-SEM approach. The findings reveal that User Dissatisfaction plays a central mediating role in driving discontinuation intention. Among the antecedent factors, Content Dissatisfaction and Perceived System Inadequacy emerge as the strongest predictors of user dissatisfaction, highlighting the importance of content relevance, variety, and system reliability in retaining users. Although Perceived Overpricing shows a statistically significant effect, its practical impact is comparatively weaker, indicating that users are more sensitive to content and technical quality than pricing concerns. The results demonstrate that dissatisfaction-related factors influence discontinuation intention primarily through User Dissatisfaction rather than through direct effects. The proposed model exhibits strong explanatory power, confirming its effectiveness in explaining churn behavior in the OTT context. From a managerial perspective, the study suggests that OTT service providers should prioritize enhancing content diversity, improving system performance, and delivering seamless user experiences to reduce churn. By addressing these critical factors, platforms can strengthen user satisfaction, foster loyalty, and achieve sustainable growth in an increasingly competitive digital entertainment market.

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