



Frost & Sullivan Commends CHILI for its Entrepreneurial Success in the Competitive OTT Video Services industry

CHILI'S highly reliable and value-added video-on-demand services allow the company to win viewers and compete against international competitors

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SANTA CLARA, Calif., Nov. 21, 2017 /PRNewswire/ -- Based on its recent analysis of the over-the-top (OTT) video industry, Frost & Sullivan recognizes CHILI with its 2017 European Entrepreneurial Company of the Year Award for its innovative video-on-demand (VOD) services. CHILI, a European VOD service provider, enables viewers to rent or purchase content from a vast catalog of content from around the world that can be viewed on multiple devices.



The media and entertainment industry in Europe has been undergoing momentous technological and structural transformation over the last 5 years, giving the end consumer many choices in terms of content, price, platforms, and service providers as content consumption shifts from linear to non-linear media. Burgeoning OTT services, with more than 400 service providers across Europe, have resulted in a highly competitive and crowded marketplace. With the addition of global providers such as Amazon and Netflix, native OTT service providers need to develop innovative and competitive strategies to differentiate themselves and win customers over the big name providers.

"Some native OTT providers have chosen to target niche audiences, such as children or expats, in an attempt to avoid competing with global companies. However, this is not an easy route to take because of the difficulty in getting access to premium content, especially new movies," said Swetha R K, Senior Research Analyst, Digital Transformation team, Frost & Sullivan. "Piracy is an additional concern for smaller providers, as it eats into an already-thinning subscriber base and revenue."

CHILI has gained success in this market by monetizing its content through a transactional VOD model, thus relieving consumers from the obligation of a subscription. Despite competing with popular names such as iTunes, Netflix, Amazon, and Google Play, CHILI boasts 1 million subscribers as of May 2017. Within 2 years of its establishment in 2012, CHILI has grown to become a leading player in VOD services in Italy in viewership, and has since expanded its services to 4 additional countries: United Kingdom, Germany, Poland, and Austria. In 2016, 4 Major Studios (Warner Bros, Sony Pictures, Viacom and Paramount) entered the share capital of CHILI.

CHILI's competitive ecosystem comprises both transactional VOD participants (such as Blinkbox, Rakuten TV, iTunes, and Google Play) and subscription VOD participants (such as Netflix, Amazon, and Now TV). CHILI differentiates itself through a combination of price, content, and promotional offers.

- **Price:** CHILI follows a value-for-money strategy. The price of content offered on its platform ranges from €0.9 to €11, depending on the picture resolution or whether the viewer wants to buy or rent the content. This is one of the lowest rates available in the market for legal streaming or download.
- **Content:** CHILI is one of the few OTT services that provide viewers access to new movie releases. The company's content library includes more than 50,000 local and international titles that can be streamed or downloaded on all devices. In comparison, Netflix's content library has approximately 4,500 movies and 2,000 TV shows. CHILI's content is offered in Standard Definition, High Definition, and Full High Definition formats with subtitles.
- **Promotion:** CHILI offers several value added services for a wholesome experience through integrated promotions, discount coupons, themed gadgets, and premium merchandise through partnerships from other industry stakeholders. Some viewers also get a chance to visit movie studios.

CHILI also acquired Cinetrailer, a promotion platform for European movies with a base of five million subscribers. This allows the company to explore new markets. The company's aggressive marketing strategies and promotional offers have a dramatic effect on its subscriber base: as a result the company has been adding 20,000 to 25,000 subscribers every month.

"Most companies, even the international ones, have a difficult time retaining customers. CHILI addresses this issue by maintaining a consistent engagement with its customers before, during, and after the interaction cycle," said Vidya S Nath, Senior Research Director, Frost & Sullivan. "The company has also continued to invest in strategic partnerships and investments to grow its business. For example, the company diversified its portfolio to include Business to Business (B2B) products such as video platforms, which now contribute almost 5% of its revenue."

The dynamic nature of the video landscape in Europe and the intense competition in the OTT market necessitate a multipronged strategy to ensure market leadership, while consumer demands necessitate continuous refinement and expansion of service offerings. CHILI has recognized this need and strives to provide an end-to-end video experience, continuously seeking out new methods by which it can improve the customer experience. Frost & Sullivan has determined that CHILI shows enormous growth potential through its partnerships, acquisitions, and aggressive marketing strategies.

Each year, Frost & Sullivan presents this award to the company that has demonstrated excellence in devising a strong growth strategy and robustly implementing it. The recipient has shown strength in terms of innovation in products and technologies, leadership in customer value and speed in response to market needs. The award looks at the emerging market players in the industry and recognizes their best practices that position them for future growth excellence.

Frost & Sullivan Best Practices awards recognize companies in a variety of regional and global markets for demonstrating outstanding achievement and superior performance in areas such as leadership, technological innovation, customer service, and strategic product development. Industry analysts compare market participants and measure performance through in-depth interviews, analysis, and extensive secondary research to identify best practices in the industry.