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THE AGA KHAN UNIVERSITY
Graduate School of Media and Communications

**ASSESSING MARKET READINESS AND UPTAKE OF VOD AMONG
UNIVERSITY STUDENTS IN NAIROBI**

By

NJARO JOAN WETUMI
535147

A thesis submitted in partial fulfillment of the requirements for the degree of Master
of Arts in Digital Journalism

Nairobi, Kenya

May, 2021
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APPROVAL PAGE

The Aga Khan University
Graduate School of Media and Communications

A thesis submitted in partial fulfillment of the requirements for the degree of
Master of Arts in Digital Journalism

Members of the Thesis Evaluation Committee appointed to examine the thesis of
NJARO JOAN WETUMI-535147 find it satisfactory and recommended that it be
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May, 2021

DECLARATION

**AN ASSESSMENT OF MARKET READINESS AND UPTAKE OF VOD
AMONG UNIVERSITY STUDENTS IN NAIROBI**

I, **NJARO JOAN WETUMI-535147**, declare that this thesis does not incorporate without acknowledgement any material previously submitted for a degree or diploma in any university and that to the best of my knowledge it does not contain any material previously published or written by another person except where due reference has been made in the text. The editorial assistance provided to me has in no way added to the substance of my thesis, which is the product of my research endeavours.

Signature

Date

DEDICATION

I dedicate this thesis to my late father Cheney Richard Njaro Wanjohi whose support and encouragement to see me through this journey was immeasurable. If only he had lived to see me complete the journey. My son Ivan Njaro has been an inspiration during this journey.

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ABSTRACT

Digital media has opened up on new opportunities for content creation, distribution and monetization. Dwindling revenues in traditional mainstream media been brought by digital influx of content producers and competitors to media for the advertising cake where media houses now have to compete with content consumers who have become content creators and distributors for digital spaces. Increased penetration of mobile phones and the internet across most parts of the country has created opportunities in media content production and consumption as modes of content consumption have also evolved and innovated with time. It is against that backdrop that innovations such as Video on Demand (VOD) are being adopted to increase content distribution by reaching viewers via more gadgets and hence increasing revenue streams. This study sought to assess the sustainability and reliability of Subscription Video On Demand (SVOD) platforms targeting the youth who are the biggest population demographic in Kenya by analyzing their consumption behaviour. The study was guided by the following objectives; (i) to assess the socio-economic factors to consider when establishing SVOD business model in Nairobi, (ii) to establish the choice of content they would be willing to pay-to-view (iii) to establish the penetration of necessary technology to support SVOD and (iv) to find out the frequency and access to SVOD platforms. Theoretical framework adopted the disruption of innovation theory and the diffusion of innovations theory. The study adopted a mixed methods approach. Qualitative study was carried out using case study research method guided by key informant interviews tool. The key informant interviewees were players in the SVOD industry in Kenya. A survey was carried out targeting University of Nairobi students aged between 18-26 years where questionnaires were issued to collect quantitative data. Being a two-step payment technology, as the researcher found out, makes SVOD an expensive technology that viewers will only consume when there is value for money. The findings indicate that availability of disposable income by the target population is a key consideration for one seeking to establish SVOD. It is also important to consider the social behaviour of communal content consumption considering that the target market is moving from FTA to subscription models. An increase in penetration of smart phones and internet as technology necessary to support SVOD has readied and enabled uptake of SVOD. The researcher also found out that consumers have a preference for long format content as opposed to initial belief that short form content sells more. It is also on the findings that the target population are willing to renew their subscriptions as soon as they can for continued and uninterrupted consumption of content that they find interesting. Conclusions drawn from this study are that there is a ready market for consumption of subscription media content and opportunities as aided by penetration of necessary technology. The research also identified opportunities created by this business model. The researcher recommends further study to clearly analyze the consumption habits of other population demographics.

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ABBREVIATIONS AND ACRONYMS

CA:	Communications Authority of Kenya
CAL:	Content Aggregation Limited
CDN:	Content Delivery Network
COVID-19:	Coronavirus Disease of 2019
EPG:	Electronic program guide
FTA:	Free To Air
GB:	Gigabyte
ICT:	Information Communication Technology
ISPs:	Internet Service Providers
IVOD:	Interactive Video on Demand
KI:	Key Informant
KII:	Key informant interview
KP&TC:	Kenya Posts and Telecommunications Cooperation
Ksh:	Kenya shilling
MoICT:	Ministry of Information Communication Technology
NCPD:	National Council for Population and Development
OTT:	Over The Top
PWDs:	Persons with Disability
RISJ:	Reuters institute for the Study of Journalism
Sh.:	Shilling
SPSS:	Statistical Packages for Social Sciences
SVOD:	Subscription Video on Demand
TVOD:	Transactional Video on Demand
TV:	Television
USA:	United States of America
VOD:	Video on Demand