The value proposition of streaming services in driving demand

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Broadband connectivity policies have traditionally focused on closing both the access and usage gaps. The access gap refers to the lack of broadband infrastructure or service availability, with efforts aimed at achieving universal – or near universal – coverage. The usage gap, in contrast, centers on promoting adoption among consumers who have access but do not subscribe to or use broadband services. While governments have worked to address both challenges over the past two decades, policy efforts have typically prioritized expanding coverage over driving adoption.

Significant progress has been made on broadband coverage, with the global mobile coverage gap now at just four percent of the population.[1] Yet this small percentage still represents 350 million people, many in hard-to-reach areas where terrestrial networks face technical and economic barriers.[2] Emerging high bandwidth low Earth orbit (LEO) satellite technologies and non-terrestrial networks (NTNs) are changing the equation – offering a feasible business case to reach even the most remote communities.

As new technologies increasingly contribute to closing coverage gaps, policymakers and regulators should now shift focus toward boosting broadband demand (i.e., take-up and usage). As of 2024, 3.1 billion people have access to mobile internet but do not use it.[3] Driving adoption is complex, hindered by barriers such as affordability, digital literacy, and perceived value. Yet despite these challenges, policymakers recognize that take-up is essential – as it will enable access to critical services, drive economic growth, and narrow the digital divide.

This paper highlights the value proposition of streaming services in driving demand and increasing broadband adoption, discusses the shift in looking at universal connectivity, and proposes best practices to promote universal access and foster demand for broadband services and devices.[4]

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Value proposition of streaming services

Streaming services generate value within and beyond the broadband ecosystem

As the OECD notes, the true value of broadband lies not in the infrastructure itself, but in the services and applications it enables.[5] Connectivity is essential, but it is the richness and relevance of online services and applications that ultimately drive user adoption. For example, audiovisual streaming services are a key driver of demand within a broader ecosystem of value creation that includes network access, applications, and services. The availability of high-quality streaming content can motivate consumers to adopt or upgrade broadband services, making it a vital consideration in policies aimed at achieving universal access.[6]

Streaming services prompt increased broadband adoption

Research shows that streaming services drive broadband adoption. A recent economic study found that the launch of a new video streaming service in a market without an existing streaming service resulted in a 13.9% increase in broadband adoption. The entry of a second streaming service boosted adoption by 7%, with a larger impact observed in countries with lower income levels.[7]

The study also found that the impact of video streaming service availability on broadband demand is more pronounced for higher-speed broadband connections (i.e., 10 Mbps or greater). Further, the study found that after a decade of increased video streaming service offerings, broadband consumer surplus – which is a measure of consumer benefit – would increase by 48% in the average country.[8]

These increases continue as more services are made available, although the returns and potential impacts are dependent on the level of economic development within the market. These findings are in line with a 2014 analysis that found evidence implying that policies promoting content creation can substantially increase internet adoption.[9]

The perceived value of broadband – influenced in part by the availability of relevant and engaging content – affects individuals' decisions about whether to subscribe to an internet access service. In a European survey, 46% of respondents without home internet access cited a perceived lack of value as their main reason for not subscribing. By comparison, only 26% of respondents pointed to equipment costs. Although limited to high-income countries and likely focused on fixed broadband, these figures demonstrate that the perception of value – as is often generated by streaming services – plays a substantially larger role in broadband uptake decisions than the cost of obtaining broadband access, at least in some contexts.[10]
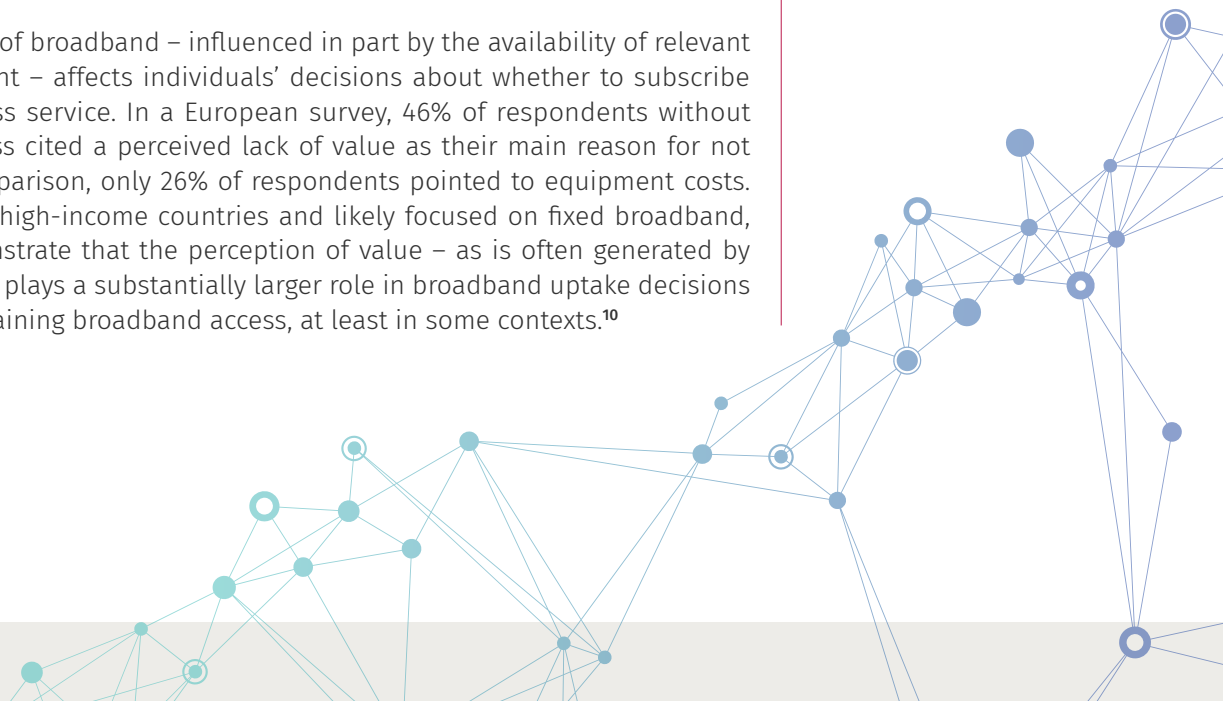
13.9%
boost in broadband adoption thanks to streaming

48%
increase in consumer surplus over a decade

Streaming services are driving upgraded broadband plan selection and increasing operator revenues

Streaming services prompt higher broadband data consumption, which is an important factor in contexts where network operator revenue increases as consumers migrate to higher-capacity connections and service plans. A 2022 analysis concluded that users of more advanced online services, including streaming, subscribe to faster broadband packages than other users and are more likely to upgrade their connections to faster speeds when available.[11] The prominence of streaming services as the largest global content category highlights the role these services play in encouraging the use of more robust broadband plans and data consumption by users.[12]

Mobile operators are also bundling their offerings with streaming services, prompting consumers to shift to higher-capacity broadband plans. In Q3 2024, T-Mobile US reported higher than expected subscriber additions and financial performance due to a greater number of customers selecting bundled 5G premium plans like Go5G Next and Go5G Plus that included streaming services like Netflix and Apple TV+.[13] T-Mobile noted that "over 60% of new customers coming into T-Mobile are opting for one of the premium plans," Mike Katz, president of marketing, strategy and products, told Reuters."[14]

## Global online content is increasing, improving relevancy

Historically, online content was often criticized for being overly focused on English-speaking North American audiences.[15] But this landscape is shifting. Major streaming providers – Netflix, Amazon Prime, Disney, Google, and Apple TV+ – are continually increasing their budgets for global content. A significant share of Netflix's content budget is now allocated to original and acquired content sourced outside of North America.[16] This is a logical shift given that more than 70% of its subscribers are based outside of North America.[17] **In 2024, industry analysts estimate that more than half of Netflix's $15 billion film and TV budget will be directed towards internationally-sourced content.**[18] Meanwhile, North American audiences are increasingly embracing international hits like Baby Reindeer, Dark, and Squid Game, further reshaping global viewing trends.

Over 60%
of new T-Mobile users pick premium 5G streaming bundles

Over 50%
of Netflix's $15B content spend in 2024 was for global content
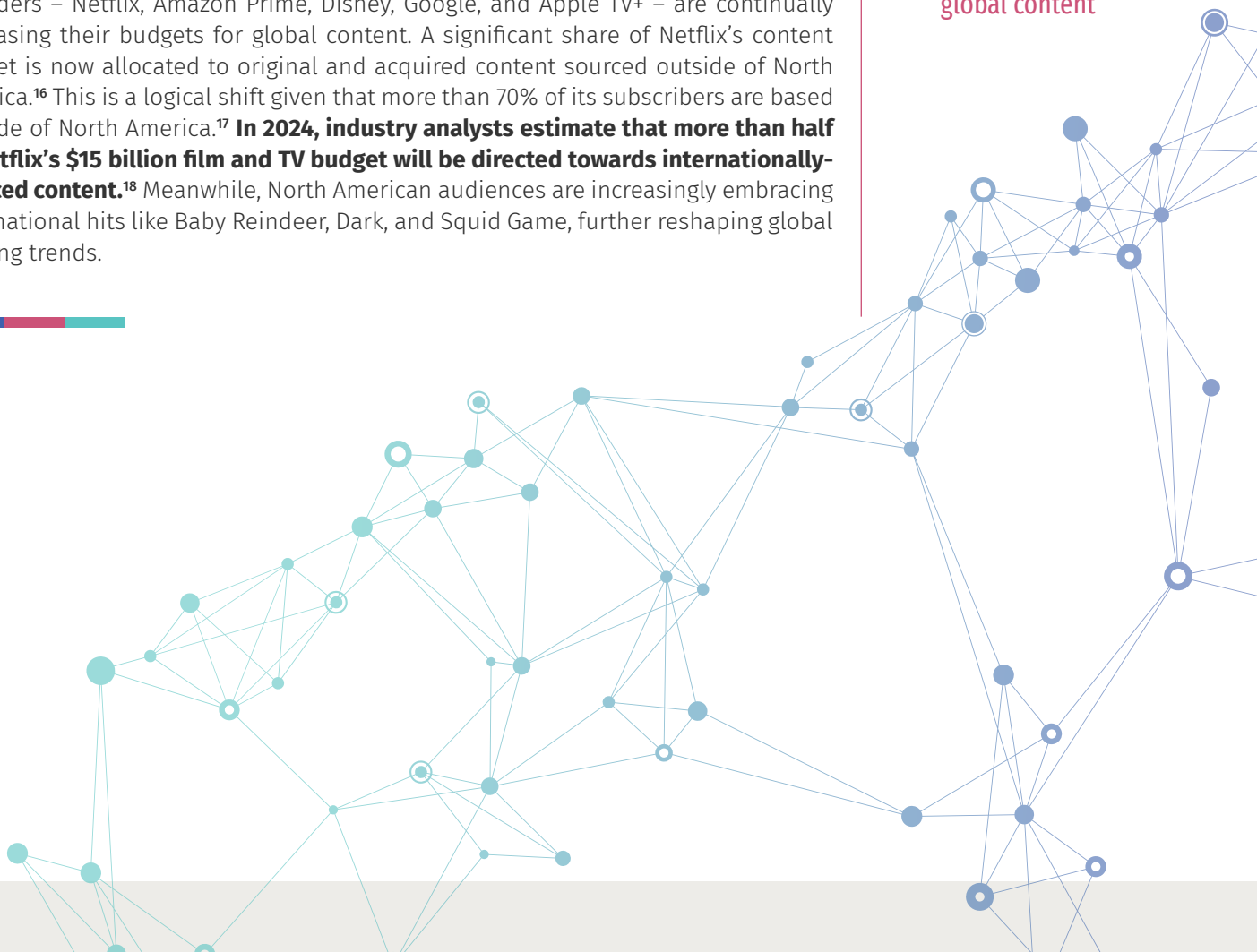
Shifts in thinking about universal connectivity

Driven by substantial private investment and supplemented by universal service initiatives, approximately 96% of the global population has access to mobile broadband networks.[19] The remaining 4% – often in remote or hard-to-reach areas – are likely better served through new satellite and NTN technologies, since deploying terrestrial networks can be costly and challenging as the GSMA notes."[20]

As satellite and NTN technologies continue to close the broadband coverage gap, the focus of policymakers and stakeholders must shift to broadband adoption – enabling and encouraging individuals to obtain a broadband subscription that unlocks its related socio-economic benefits. While universal service funds (USFs) have sometimes been used to address usage gap challenges, the appropriateness of relying on subsidies to address adoption issues has faced criticisms.[21] USFs as originally envisioned – mechanisms to fund the expansion of telecommunications infrastructure and expand access – are arguably less fit-for-purpose when considering an environment in which broadband use challenges center less on connectivity supply. **Today's broadband usage gaps are more demand-centric and are better served by approaches independent of the more traditional USF framework.**
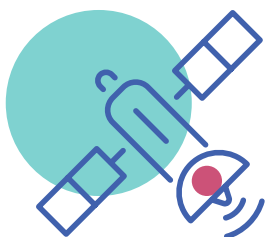
Addressing take-up challenges

The usage gap centers on three interrelated take-up challenges – affordability, digital skills, and relevancy. While affordability and digital skills are key issues, the fact that billions of people with access to mobile internet choose not to use it underscores the importance of relevance and utility in driving internet adoption. Relevancy can be strengthened through various mechanisms – introducing more local and relevant content (which as noted has accelerated in recent years), developing e-government platforms that are easy to navigate, and introducing consumers to e-commerce websites that allow small businesses to flourish. **Content creators also play an important role, creating a range of locally relevant content (e.g., in local languages and developed in local social and cultural contexts) that is shared to video-sharing platforms such as TikTok and YouTube as well as distributed by larger streaming services.**

According to UN research, as of 2022, 71% of member states provided various e-government services, meaning that more than a quarter of countries are currently not providing online transactional services.[22] E-government platforms and services can increase broadband demand among consumers as well as businesses. By digitalizing government services, governments can streamline the process to complete a multitude of tasks, such as obtaining licenses and passports, paying taxes, and making appointments for services. However, e-government platforms must also be implemented alongside efforts to educate the public and businesses on how to benefit from these services. In addition, digital government services should ideally allow the completion of transactions online without requiring in-person payments or other components. As more consumer and business content and services are available online – or, in some cases, exclusively online – users identify material relevant to their needs and the corresponding need for internet connectivity to access it.

Conclusion and Best Practices

Streaming services increasingly provide significant value to businesses and consumers within the ICT sector and beyond.

The value proposition of streaming services – as one key segment of services which consumers utilize via the Internet – is seen in the generation of consumer surplus and their positive impact on broadband service demand. As stakeholders continue to rethink universal connectivity, it is important to consider that streaming services already play a crucial role in driving adoption, particularly through creating user interest in obtaining broadband connectivity.

Taking into account both the value proposition of streaming services and the ongoing evolution of thinking regarding universal access, the following represent key best practices for consideration.

Encourage new approaches to enabling broadband adoption, looking beyond the USF structure and emphasizing innovative mechanisms that leverage the strengths of all stakeholders by targeting affordability, digital skills development, and content relevance.

Facilitate market entry and promote ease of trials for new technologies (e.g., satellite broadband, NTNs), particularly in developing regions, where options for services may be limited and coverage obstacles may still exist.

Create targeted incentives for the development and distribution of locally relevant content to promote broadband adoption and ensure that digital services reflect the cultural contexts of underserved communities.

Forge partnerships between government, civil society, and private sector stakeholders to promote digital platforms and services that address local needs – such as e-government, education, health care, and workforce development – and enhance the perceived value of broadband to consumers.

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