



THE OTT CONUNDRUM

The rise of OTT viewership and its growth has been phenomenal in the last few years. So has been the technology. Broadcast & Film attempts to get a perspective of the OTT business.

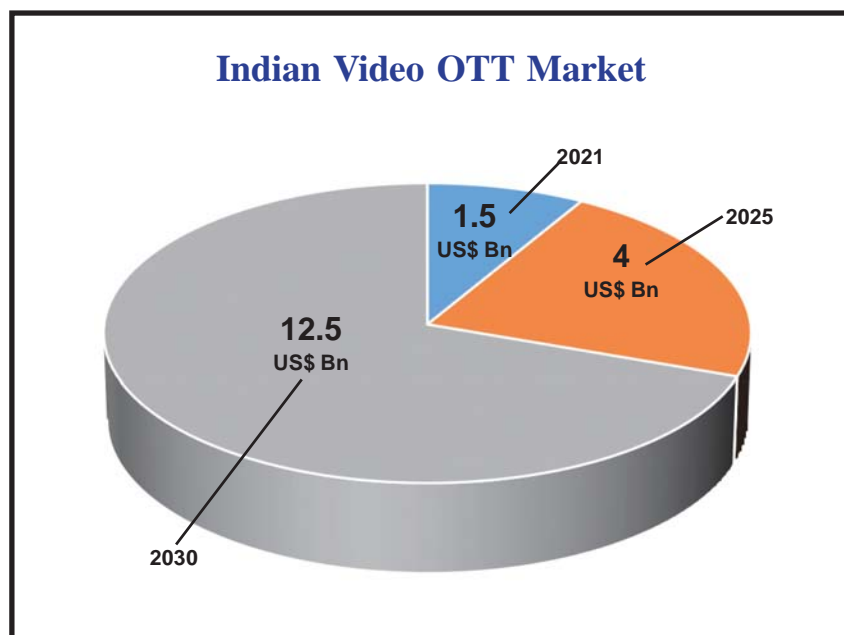
Gone are the days when family members fought for screen time of choice on family's singular home devices. An undeniable trend surfaced in this period with the adoption of OTTs. OTTs offer a never before consumer experience – choice of content, ease of access, choice of device / mediums (hand phone, laptop, tablet or TV screen), liberal censorship policy.

Over the Top (OTT) Entertainment is burgeoning into a multi-billion-dollar industry in the country. The size of the Video and Audio OTT market in FY 2020 was in the range of US\$ 1.7 Billion.

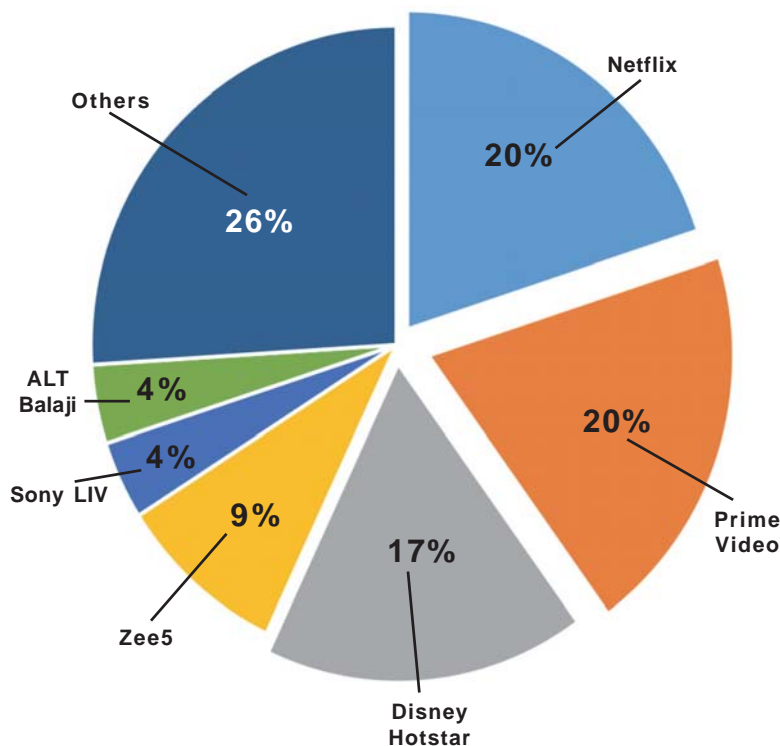
With access to better networks, digital connectivity and smartphones, OTT platforms in India have been increasingly attracting subscribers on a concurrent basis. Apart from top favorites viz Disney+ Hotstar, Amazon Prime Video and

Netflix, the space is seeing a plethora of local and regional OTT players, such as SonyLIV, Voot, Zee5, ErosNow, ALTBalaji, Hoichoi and

Adda Times, to name just a few. The OTT market in India is expected to grow at a CAGR of 28.6% over the next four years.



Video OTT Market Share 2020



Video OTT Market Key Segments

- ❖ **Subscription-based video on demand (SVOD)**
Users pay subscription charges to get access to the content repository
- ❖ **Advertising-based video-on-demand (AVOD)**
Users watch content for free and platform earns revenue through advertisements
- ❖ **Freemium**
Users watch content for free upto a certain limit and platform earns revenue through both advertisements and subscription
- ❖ **Transactional video-on-demand (TVOD)**
Users pay one-time payment per view instead of subscribing to the OTT packages
- ❖ **Telecom Revenue**
Users need to pay telco charges and receive complimentary access to the OTT platforms

What future holds for OTT industry

OTT Industry is poised for aggressive growth prospects with access to better networks, digital connectivity and smartphones. OTT platforms in India have been increasingly attracting subscribers on a daily basis. Apart from top favourites Disney+ Hotstar, Amazon Prime Video and Netflix, the space is seeing a plethora of local and regional OTT players, such as SonyLIV, Voot, Zee5, ErosNow, ALTBalaji, Hoichoi and Adda Times, to name just a few. The OTT landscape is expected to get hyper competitive in next 4-5 years and the OTT service providers

will strive to emerge as the preferred platform among the consumers.

The massive investments made by OTT services like Netflix, Amazon, Disney+ Hotstar and others in originals as well as acquired content will help subscription video-on-demand make up 93% of the total OTT revenue (as compared to 87% globally), increasing at a CAGR of 30.7% between 2019-2024. Further, the next wave of growth in OTT landscape will come from Tier 2,3,4 cities and the Indian language speaking population.

The quality of content will always remain a major driver of consumer growth. In the recent

years, we have witnessed a massive rise in original content being aired on OTT platforms. Back in 2018, Netflix and Amazon alone had spent more than 40% of the overall production budgets of the world. Apart from creating original content and facilitating binge watching, networks and production houses have also begun to see value in getting rights to live events and performances. Audiences in India recently saw Filmfare and a streaming social network join forces for the first-ever OTT awards. This was a landmark event for India's media and entertainment industry in many ways.

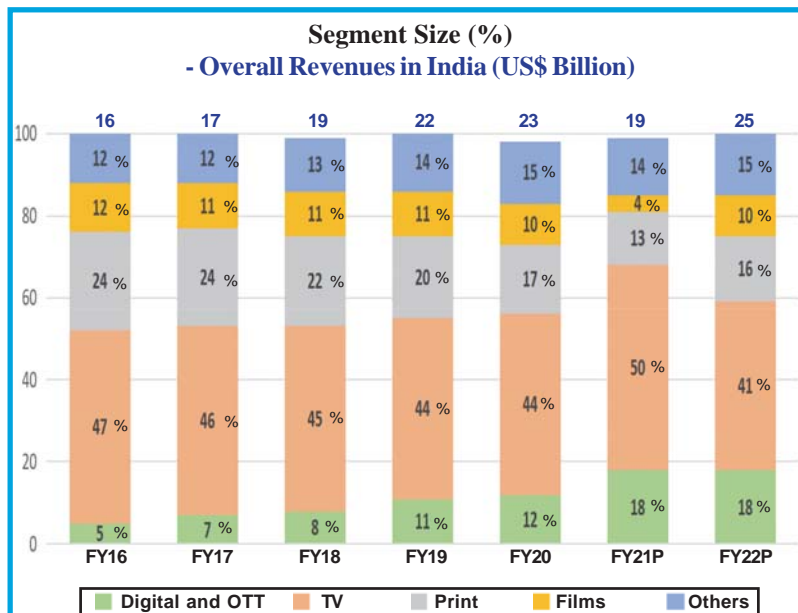
Video OTT Industry - Key Highlights

- ❖ ARPU in the OTT video segment in India is projected at US\$ 7.2 in 2021
- ❖ MNCs and Indian firms fiercely compete and each control about half of the market
- ❖ User Penetration will increase from 25.8% in 2021 to 32.0% by 2025
- ❖ OTT users are expected to be at 462.7 Million by 2025
- ❖ Globally, US is the largest OTT market with expected revenue of US\$ 76.7 Billion in 2021

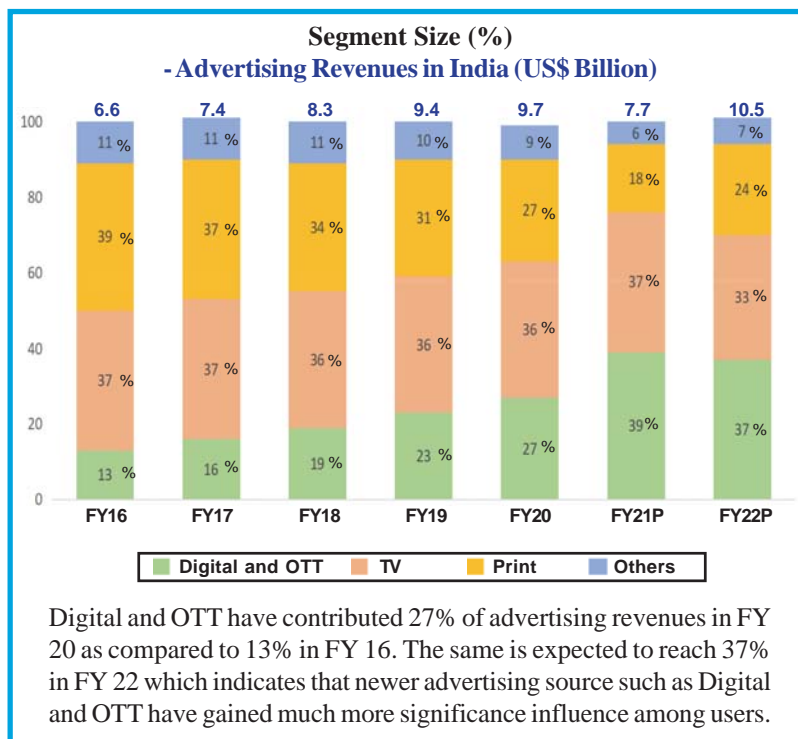
Key Growth Drivers for OTT Platforms

- ◆ Second highest per capita consumption of online video in the world
- ◆ Cheapest mobile data in the world at INR 18.5/GB
- ◆ Growth in rural internet penetration to 24 per cent in 2018
- ◆ The number of smartphone users in India was estimated to reach over 760 million in 2021, with the number of smartphone users worldwide forecasted to exceed to 3.8 billion users in 2021.
- ◆ The average monthly data usage per user in India increased 20% year-on-year to 13.5 GB in December as Indians spent about five hours daily on a smartphone, as per the Mobile Broadband India Traffic Index (MBIT) 2021.
- ◆ A new study from Ookla ranks India 131st globally when it comes to average mobile internet speeds. The average mobile internet download speed in India is 12.41Mbps. India ranks 65th worldwide in the fixed broadband market, with an average download speed of 54.73Mbps.

Overall Media & Entertainment Sector Analysis



Digital and OTT have contributed 12% of overall revenues in FY 20 as compared to 5% in FY 16. The same is expected to reach 18% in FY 22 which indicates that incremental market share is moving towards Digital and OTT compared to other segments.



Digital and OTT have contributed 27% of advertising revenues in FY 20 as compared to 13% in FY 16. The same is expected to reach 37% in FY 22 which indicates that newer advertising source such as Digital and OTT have gained much more significance influence among users.

OTT Platforms - Future Outlook

Affordable Data

Smartphones with affordable data have also brought the vibrant native speakers base of 22 scheduled Indian languages from Tier 2, 3, 4 cities online and created a massive opportunity for the domestic OTT players.

Opportunity in tier 2, 3 and 4 cities

The next wave of growth in OTT landscape will come from our very own Tier 2,3,4 cities and the Indian language speaking population.

Intense Competition

The OTT landscape is

expected to get hyper competitive in next 4-5 years and the OTT service providers will strive to emerge as the preferred platform among consumers.

Viewers' habit is evolving

The viewing habits of Indian consumers have evolved a lot in the last few years. While on the one hand, short-form video content consumption on smartphones and social platforms has been on the rise, binge-watching shows on various OTT platforms have also become more common on the other hand.

Massive Investment by OTT players

The massive investments made

by OTT services like Netflix, Amazon, Disney+ Hotstar and others in originals as well as acquired content will help subscription video-on-demand make up 93% of the total OTT revenue (as compared to 87% globally), increasing at a CAGR of 30.7% between 2019-2024

COVID-19 pandemic is game-changing

OTT video streaming platforms including Netflix, Amazon Prime Video, Disney+ Hotstar, Voot, and SonyLIV, among others, gained immense popularity in India. NASSCOM stated that OTT viewership in India is at an all-time high now.

Key Competitive Strategies

NETFLIX

Revenue Model - Subscription
Subscriber Base - 12 Million
Revenue - US\$ 120 Million (FY20)
Parent Company - Netflix US

PRIME VIDEO

Revenue Model - Subscription
Subscriber Base - 12 Million
Revenue - NA
Parent Company - Amazon US

DISNEY+ HOTSTAR

Revenue Model - Freemium
Subscriber Base - 10 Million
Revenue - US\$ 160 Million (FY19)
Parent Company - Star India

MX Player

Revenue Model - Advertising
Subscriber Base - 200 Million
Revenue - NA
Parent Company - Times Internet

VOOT

Revenue Model - Freemium
Subscriber Base - 1 Million
Revenue - NA
Parent Company - Viacom 18

Eros Now

Revenue Model - Freemium
Subscriber Base - 19 Million
Revenue - NA
Parent Company - Eros International



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MARKET SEGMENTS

Subscription-based video on demand (SVOD)

Users pay subscription charges to get access to the content repository



Advertising-based video-on-demand (AVOD)

Users watch content for free and platform earns revenue through advertisements



Freemium

Hybrid OTT business model combining features of AVOD and SVOD



Transactional video-on-demand (TVOD)

Users pay one-time payment per view instead of subscribing to the OTT packages



Telecom Revenue

Users need to pay telco charges and complimentary access to the OTT platforms

