OTT

The problem of plenty

What does the entry of large global players in the OTT space mean for the Indian market?

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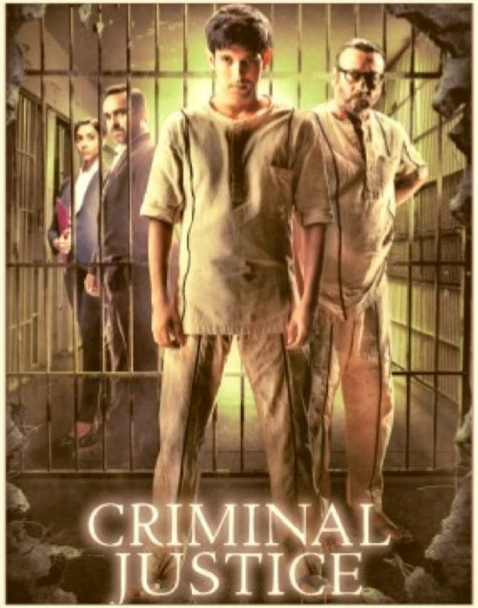
THE FIGHT FOR a slice of the OTT (over the top) entertainment pie is getting fierce with telecom companies, content and film studios, cable service providers and mobile handset companies, too, joining the fray. The OTT scene, currently crowded with independent platforms like Netflix and Amazon Prime Video, and broadcaster-owned streaming services such as Hotstar and Zee5 in India, will soon have the company of media behemoths such as The Walt Disney Company (with Disney+) and technology giant Apple (with Apple TV+). Media networks such as HBO, BBC and NBC Universal, too, are reportedly planning to launch their own OTT services over the next three years.

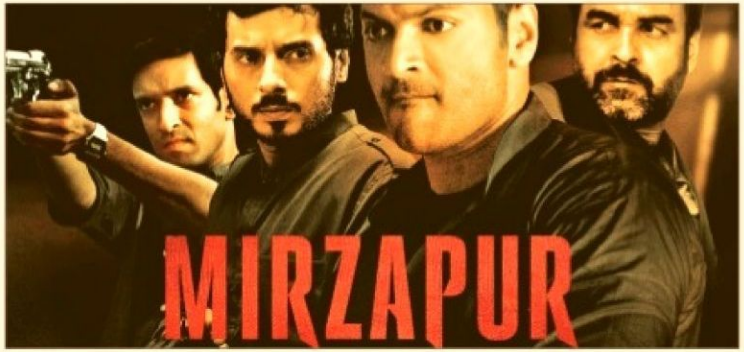
As the competition intensifies, experts predict that it is the global players who will be impacted most, and not so much the domestic contenders.

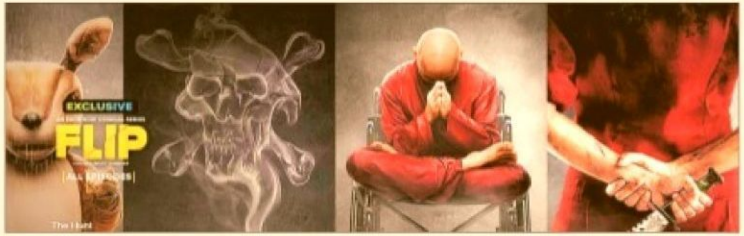
Three's a crowd

The trend of broadcasters and content producers entering the OTT ecosystem is not new to India. Girish Menon, partner and head – media and entertainment, KPMG India, shares, "The US OTT market is led by an independent aggregator, Netflix, whereas in India, the market is led by broadcaster-owned platforms like Hotstar, SonyLiv and Zee5."

The Indian OTT market is growing at a CAGR of 10.1% and is expected to be worth ₹5,363 crore by 2022, as per a study by ASSOCHAM and PwC. The frequency of a new content owner (Watcho, ShemarooMe, MXPlayer or DocuBay) entering this growing market is very high. As a result, the market is crowded with content owners and broadcasters, who view OTT as a distribution tool.







Sameer Nair, CEO, Applause Entertainment, a content and IP creation studio, says that in the next three to four years, the market will consolidate. "Not everyone can survive in the market. Besides, a consumer does not need 100 apps; it will settle down to the top six to seven players, like on television."

Digital is taking the same course as television in India — from the state-owned Doordarshan network to private networks like Zee and Star, and then exclusive news, sports, regional and international channels like HBO, Comedy Central, etc. "This is how every medium evolves. When it starts out it is generic, and becomes specialised as it evolves," says Ashish Pherwani, partner, and media & entertainment leader, EY India.

Advantage: India

Experts say that the Indian OTT players may not suffer a setback owing to the international entrants. For instance, when Disney+ is introduced globally, Hotstar, which is owned by Disney, will host all the Disney+ content in India.

Meanwhile Netflix, which hosts over 50 Disney movie titles — including *The Avengers*, *Doctor Strange*, *Beauty and the Beast*, and *Up* — will likely see an impact if Disney pulls out content from the platform. As a precaution, Netflix has already started investing in original content. The streaming service is working on 11 original series and 22 originals films for the Indian market, which will not only help the platform create stickiness with its Indian audience, but also help build its global portfolio. A Netflix spokesperson claims that two out of every three viewers of *Sacred Games* were from outside India, indicative of the platform spreading its reach for Indian content.

Furthermore, the low consumption of English content in the country means minimal impact. A Google study has found that 97% of the content consumed on YouTube in India is in local languages. The OTT industry mirrors this trend. As per a EY-FICCI report, over 90% of the consumption on OTT platforms was in local languages in 2018. Hindi accounted for between 50-70% of the total consumption of multilingual platforms. Creating differentiated content to acquire more users and convert them into subscribers is crucial. "Whoever wins the content war will win the game," Nair says.

Compelling content entails high investment. Netflix reportedly poured in ₹40 crore to produce the first season of *Sacred Games*. Few have the leverage to make such investments. The second option is acquiring movie titles. "Originals are a great way to attract users. But it is equally important to have movie titles like *Simmba* or *Uri: The Surgical Strike* that can drive subscription revenue," says Devendra Deshpande, head – business and growth, Friday Filmworks.