

Streaming sites see content costs surge



ORDINARY
POST

SHUCHI BANSAL

Respond to this column at
shuchi.b@livemint.com

Global media reports have claimed that American streaming giant Netflix will spend \$15 billion on content alone in 2019. While the company gives no separate figures on the programming expenditure in India, it had earlier stated that Netflix India has seen the fastest content investment for any country globally in its first three years. To be sure, Netflix is not the only streaming platform that is investing in original content for this market. The nearly 30 streaming sites—both foreign and home-grown—are pumping crores of rupees in creating original content.

Interestingly, what they are spending per episode on a show is several times higher than the per episode cost of a soap on popular Hindi general entertainment channels. Although experts in the business agree that the cost of producing a web series is shooting through the roof, comparing the originals on an over-the-top (OTT) video streaming platform and a soap on TV is like comparing apples and oranges. They are two different worlds, they say.

A single episode of a typical soap on a Hindi general entertainment channel costs ₹8-15 lakh. A web series on Hotstar, Netflix or Amazon Prime could cost between ₹70 lakh and ₹1 crore per episode. In some cases, this cost has escalated to ₹5 crore an episode, and could go up to ₹7-8 crore for top-notch content.

TV soaps cannot operate with such costs as they make about 250 episodes a year and amortize the cost over that period. Plus, they shoot on sets—mostly in living rooms. Web series are free from such constraints. “OTT is making film-quality stuff,” says Jehil Thakkar, partner, Deloitte India. The economics and quality of content for web and TV cannot be compared. The cost of talent for web series is higher. Streaming platforms have attracted a bevy of noted filmmakers such as Sudhir Mishra, Shirish Kunder, Sujoy Ghosh, Zoya Akhtar, Karan Johar, Farah Khan and Anurag Kashyap, among others. Shah Rukh Khan’s film studio Red Chillies has also signed up with Netflix for creating web series. “Would you know the name of the director of any TV soap?” asks Sameer Nair, CEO of content studio Applause Entertainment, which has made shows like *Criminal Justice*, *City of Dreams* and *Hostages* for Hotstar. Good scriptwriters and actors are also turning to digital content thanks to the creative freedom the medium offers. After Saif Ali Khan, it is now the turn of Akshay Kumar to feature in a thriller for Amazon Prime Video.

Nair feels there is no point in creating another TV soap for an OTT platform. “Audiences are looking for differentiation. India is awakening to that at the moment,” he says, adding that for a premium drama series, just throwing in a big star is not enough.



A still from the ‘Sacred Games’ web series on Netflix. A single episode of a soap on a Hindi channel costs ₹8-15 lakh, while a web series could cost between ₹70 lakh and ₹1 crore per episode.

You need an engaging story, content and drama. Agrees media consultant Raj Nayak: “While a star may draw attention initially, in the long run, it’s the quality of the story, direction, production and casting that matters. So, you get the best in each field and do top class production. Obviously, the cost will go up.”

The costs are also skyrocketing for streaming platforms as there are only a few production houses that are equipped to handle the kind of content that streaming needs. “Capacity is constrained and demand is surging,” points out Thakkar.

It’s not difficult to see why streaming platforms are investing in cutting-edge content. With close to 30 services in the fray, it is an intensely competitive space with each being in the customer acquisition phase. “When they first started out two-three years ago, they acquired huge film libraries to attract consumers. But the formula now is exclusive and original content,” says Thakkar. “This has created an arms race of sorts,” he adds. Hence, there is a rush to invest in marquee properties to attract new viewers to their platforms.

Luring customers means an approximate investment of ₹2,500 crore in original OTT content this year—all the services put together, of course. And, this does not include the cost of film libraries or the sports rights that some of these platforms might have acquired.

Nayak feels this investment is only the tip of the iceberg. He sees the floodgates opening in the next three to five years, when besides the shows, original movies made solely for OTT will become the norm. The next few years will be what he calls the “diamond era” for content creators.

Shuchi Bansal is Mint’s media, marketing and advertising editor. Ordinary Post will look at pressing issues related to all three. Or just fun stuff.

The nearly 30 streaming sites are pumping crores of rupees in creating original content