The Future of Online OTT Entertainment Services in India

Quresh Moochhala

Actionesque Consulting, Pune – India

Visiting Faculty – MILE, SIMS, MIDAS & Sri Balaji Society

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ABSTRACT

The future of viewing entertainment in India is changing at a rapid pace around the world which has led to a sudden surge of online streaming video services. India has been slower than other countries to embrace streaming services, but the growing demand for internet connectivity with 4G and LTE and upcoming 5G mobile networks having unlimited data made these online services easily accessible and affordable. This paper will attempt to explore the future of various streaming entertainment media platforms in Indian market by evaluating each of them on certain parameters through primary and secondary data. The research will measure how internet users are slowly replacing traditional media platforms such as television and cinema by using OTT (Over-The Top) digital apps which give entertainment content covering all kinds of genre at seemingly affordable prices. This will show the impact of India re-branding itself as Digital India and whether it is on the path to success. Secondly, an attempt will be made to find which brand is most popular in Indian online streaming market and what are the main reasons behind it. The primary data will be collected through a target sample of at least 280 Internet users who have subscribed to any Indian or foreign based digital streaming service for entertainment purpose in the last one year.

Keywords: Digital, OTT, Streaming, Media, Indian, Entertainment, online, services, market, brand

INTRODUCTION

During the early 2000s, every Friday to Sunday evening people gathered outside television shops or in their homes to watch *KBC*, before that in the early 1990s it was *Mahabharata*. Since those times, a television set used to be a status symbol and the prized centre-piece in most Indian living rooms until recently. Today, however, television sets are common fixtures in an estimated 836 million Indian homes. They have become bigger, sleeker and smarter over the years, but unfortunately, the entertainment content which heavily relies on advertising has degraded in terms of quality-content.

With no advertisements filling the shows on over-the-top (OTT), the digital entertainment space requires no censor board, Indian viewers now have the freedom to choose from a plethora of genres on several different OTT platforms. As of January 2018, 430.3 million users accessed the internet through mobile devices, 93 percent of the total number of internet subscribers in India (EY & FCCI, 2018). Technological disruption has altered consumption patterns, and an improvement in internet penetration has re-branded India's digital revolution in entertainment. With nearly a third of India's 1.3 billion population already connected to the internet, the market for digital content represents a pool bigger than the population of USA showcasing the importance of India as a market for streaming services like Amazon Prime, YouTube & Netflix. This research paper will attempt to explore the scope of this digital revolution in the Indian entertainment sector – specifically streaming video also known as OTT and its effect on traditional media platforms such as cable television and Cinema re-branding entertainment in India.

CONTEXTUAL BACKGROUND

Data from most reports (Bizcommunity, 2018), showed globally that OTT market this year is valued at \$68.5bn this year – a rise of nearly 28% from the \$53.3bn invested during 2017. China is the most attractive market by attaining 171 million subscriptions taking its total to 610 million compared to India's 430 million. Over the last 4 years Indians' appetite for binge-watching online videos has made India among the top-10 over-the-top (OTT) video markets globally. With major OTT players in India, including Netflix, Hotstar, ErosNow and Amazon Prime Video, pushing deeper into people's living rooms, the OTT video market in India is growing at a CAGR of around 23% as per PWC report (2018).

The streaming ecosystem in the country might still be in a nascent state, but India has the second largest online video audience, more than Brazil and USA. The number of subscriptions in India is restricted by *Internet Availability, Connection Speed, Governmental Digitization Schemes and Smartphone Proliferation* in urban and rural areas which account to nearly 30% and 70% of India respectively. While Urban India spends close to four hours of television per day, people in rural areas spend three hours thirty-five minutes (BARC, 2018).

Online Streaming Entertainment platforms are more expensive to regular cable television because of the additional cost of data. However, with the advent of streaming services disrupting the entertainment space, revenue from films is set to be eclipsed by digital in the next two years, according to a joint report by EY India and FICCI.

Also, viewership data according to BARC (2018) indicates that for FIFA world cup or IPL or election coverage - viewers flock to their television at an appointed time. In fact, while many believe that the youth (15 to 30-year-olds) are moving towards digital, at 32%, 15 to 30-year-olds are the largest contributors to television viewership even today.

Indians spend a lot of time watching videos on-the-go and OTTs are steadily taking up their travel and sleep time. According to BESTMEDIAINFO (2018) international players such as Netflix and Amazon Prime Video and a few others OTT players in India currently function on the freemium model, where some content is free and others are behind a paywall, which is implemented in UK and China due to their loyal customer databases and robust telecom tie-ups.

EY (2018) report estimates that India had 250 million video consumers in 2017, 190 million of those who were between the ages of 15 and 34. An increase in internet speed, fall in data tariffs and greater internet penetration could double the number of digital video consumers to 500 million by 2020, according to the EY & FCCI analysis. In a price-conscious market such as India, the likelihood of users holding multiple streaming subscriptions is low; attractive offers have also been effective in tempting potential customers into subscribing.

Just to mention how the major players generally function in the market - Netflix has its big-budget original movies and shows along with licensed content, Hotstar shows same-day Indian premieres of licensed US TV shows along with sports, Amazon Prime Video often has the newest Bollywood releases along with some of their own productions, Alt Balaji believes in offering glocal content, ErosNow offers music and exclusive Bollywood releases and YouTube uses its massive database to target specific content in the form of a web-series. It is also interesting to note that Netflix has been increasing its regional library rapidly, while also acquiring indie regional films to cater to a very niche audience whereas Amazon Prime Video has a large number of US movies and TV shows available with regional subtitles and trivia. According to a recent TOI (2018) report, streaming services are reliant on licensing agreements to supplement their portfolio of syndicated content and original shows whereas the amount of original content produced by new OTT players is much less than the hours of programming done by bigger mainstream production houses.

Lastly, this is where it gets interesting - even after taking the cost of subscription into account, streaming a movie is significantly cheaper than a night out at a multiplex, and less cumbersome than enduring an appointed time based show/program on television with its lengthy runtime and advertisement breaks.

RESEARCH PROBLEM

The problem that appears from the contextual background are two which results to:

1. Will digital OTT online streaming services take over traditional media in Entertainment sector or not in India?
2. Does Gender in India have an impact of OTT brand choice or not in online streaming entertainment?

OBJECTIVES

1. To determine which factors drive Internet users towards OTT digital streaming entertainment media services over Cable TV
2. To find out which brand is the most popular in OTT streaming entertainment media services
3. To find out if gender has any impact on entertainment content shown by OTT

RESEARCH DESIGN

Although the paper draws references from secondary data sources, the primary data compilation is from a survey which was sent to 300 Internet users (via google forms and hard-copy) based on convenience and judgement of the author. The response rate turned out to be 280 till the research paper was attempted due to time constraint. The number was restricted to 280 to ensure that the third objective can be measured equally with male and female respondents. Perhaps additional time would have yielded a higher target of more responses. The sample size is relatively small considering the population of internet subscribers but this size had to be chosen due to time constraints.

The questionnaire consists of 16 questions (refer appendix) and two additional demographic questions related to name and gender. The latter was used to help simplify the identification process and saved time for individually numbering each questionnaire. Most of the questions are multiple-choice based where any one option only has to be selected. No open ended question has been used and nne of the questions are scale-based either. A logic and cross-check method has been maintained to minimize chances of biasness and random responses. Fortunately there was no missing data and hence no treatment was required during data cleaning and coding.

Once the data was collected, it was entered into SPSS to run a simple cross-tabulation on various questions related to the objectives of the research. A few keywords were also entered into Google

Trends software to get a rough idea of what people in generally search for when it comes to OTT streaming entertainment services.

DATA ANALYSIS & INTERPRETATION OF FINDINGS

As mentioned earlier, the data was entered into SPSS and a cross-tabulation was done to understand the relation between various selected questions. The data sets which revealed the most interesting findings related to the research objectives have been interpreted in the findings section. Cross-tabulations on a set of 2 relevant questions were made using descriptive statistics. Out of 17 questions including Gender, there were many findings but only the ones which are related to the objective have been studied.

Finding 1 (Relation between Age & Type of entertainment):

Overall it was found that two age groups ranging from 18 – 35 are present in majority of 216 respondents in total. Both these age groups of 110 and 106 respectively prefer to watch both Movies & TV shows. This only confirms the fact that both Movies & TV shows entertainment format regardless of medium are in great demand. This finding sets the ball rolling for future studies on this topic. Refer Appendix 2a

Finding 2 (Relation between What attracts you to OTT & why it is better than TV or Cinema):

Here, we can see that respondents mainly prefer factors such as Pace (continuity in watching) and Content (quality) of the entertainment that they are watching on OTT which had a majority of 93 & 102 respondents respectively. Factors such as Convenience (portability) of mediums are comparatively lesser followed by 'No ads' selected by 13 respondents which is the least. This also implies that OTT users do not necessarily watch OTT entertainment to skip ads. Surprisingly, sports is least watched on OTT as compared to Movies & TV shows. Refer Appendix Exhibit 2b.

Finding 3 (Relation between Gender and Genre):

When we look at the data, both genders have different choices although comedy is common. Within females out of 140 respondents 69 have selected Romance genre as their favourite followed by Comedy which is 24 respondents and Horror by 20 respondents. When compared with the Male gender, Comedy is the highest selected by 59 out of 140 respondents followed by Action & Thriller. Drama in both genders remained low and was selected by less than 13 respondents in both respectively. Further study of such data will definitely help in production of gender-specific content in the future. Refer Appendix exhibit 2C.

Finding 4 (Most popular Brand)

In secondary data, different reports in India showed different results but the major leaders in various findings were either Hotstar, Amazon prime video and Voot. The primary data in this research revealed the following in rank order out of 280 respondents – **Amazon prime Video (38.6%), Netflix (29.3%), Hotstar (8.2%), ErosNow (7.5%), Alt-Balaji (7.1%), Voot (4.3%), SonyLiv (3.9%) and the last rank is JioCinema (1.1%).** Refer Appendix Exhibit 2D (table).

Finding 5 (relation between Gender & Brand)

Considering finding 4, the next logical step would be to check relation Gender & Brand choice of OTT. The data shows us that females prefer Amazon Prime Video & Netflix the most, which is also a similar finding in males. Amazon Prime Video is preferred the most by both gender (51 & 57 respondents respectively). However, it is interesting to note that in females – there is a significant demand for Alt-Balaji and Eros Now (17 & 9 respondents respectively) which do have a lot of romantic genre content. Within males, Hotstar ranked third probably due to its sport content or US premiere shows selected by 17 respondents. This data will correlate well with the next finding. Refer Appendix Exhibit 2E.

Finding 6 (relation between Gender and factor that led to Brand recommendation)

From finding 5, it becomes imperative to find the reason why a particular brand was selected. From this dataset it is found that males prefer Localised regional Content the most. Whereas males did not find cost factor important at all with 0 responses followed by ease of use which only had 5 respondents. Within females, Ease of Use (navigation, UX and instructions) ranked highest with 57 respondents and followed close by Localised regional content with 56 respondents. Surprisingly, compared to males – females did highlight that cost factor for an OTT brand does matter with 20 respondents selecting the same. Refer Appendix Exhibit 2F

Finding 7 (relation between Brand choice and specific factor for choosing the same)

From finding 6, apart from being their favourite brand choice Amazon Prime Video is mainly recommended to others because of Localised Foreign Regional content followed by ease of use. In Netflix, the same pattern is seen but cost has also been significantly highlighted due to one month free viewing option as compared to Amazon prime which charges a flat annual fee. All the other OTT brands showed a similar pattern except for Alt-Balaji which has also been highlighted for its ease of use.

Finding 8 (Relation between current medium being used to view entertainment and whether users would switch to OTT permanently)

This final finding shows us that out of 280 respondents – most of them (128 respondents) use smartphones and 56 respondents use Smart TVs for their OTT viewing out of which 72 respondents have indicated 'yes' showing that they are ready to make a permanent switch to OTT. However, 71 respondents indicated No – that they will not switch and this category of respondents mainly have Smart TV and Smart Phone users. 63 respondents have selected 'Maybe' – which shows they are unsure of switching to OTT permanently just yet. Tablet & PC users across all categories are relatively less among the respondents.

SUMMARY OF FINDINGS

- The younger age groups from 18-35 definitely play a large role in shaping content for OTT services.
- Binge-Watching, continuity and Content Quality are paramount factors for Indian OTT service offerings over cable TV and Cinema.
- Gender does play a significant role in shaping content in terms of genre and making interaction easy to navigate and experience as per Findings 3, 5 & 6. This answers the 2nd part of the research problem.
- The most popular brand from the research turns out to be Amazon prime Video followed by Netflix which is contrary to most reports which have different findings every few months. The main reason for this choice is mainly Localised Regional Content which respondents highlighted as per Finding 6 & 7.
- Finally, from Finding 8 it is seen although an overwhelming majority of respondents (mainly smartphone and smart TV users) agree to switch over to OTT in the near future, there is still significant scope for traditional media (cable TV & Cinema) to continue successfully for now although eventually there may be a complete shift.

FUTURE SCOPE OF RESEARCH

Bigger samples could be undertaken as the sample for this research was relatively small when compared to the population who has access to digital forms of entertainment. There were few secondary sources where there was data overlapping or mismatch in certain areas which made it difficult to ascertain which data set should be chosen for quoting in the research paper. In terms of data, issues on internet data quality in India – broadband speed and latency issues could not be addressed within the scope of this paper and it would be heartening to see a topic dedicated to this in the future. Lot of other secondary factors such as Pricing Strategy, Licenses, Telecom Tie-Ups and innovations concerning the technology can be looked at from a technical point of view in the future.

CONCLUSION

India is a price and culture sensitive country, and the difference in price between OTT and cable TV is significant which is why viewership on television will keep growing parallel as well. The paper highlights the fact that the key to unlocking the digital market in India is by focusing on regional content since viewers of programmes in English are lower. With the Indian market being massive and far from achieving saturation, growth in the user base and digital advertisement promises well for all the players in the entertainment sector. Consistent growth over the past couple of years indicate that OTT streaming platforms are here to stay giving Indians a new alternative to traditional cable television and cinema. It is clear that entertainment is in the process of being re-branded to digital entertainment at a fast pace in India.

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APPENDIX 1 – QUESTIONNAIRE

Disclaimer: The information collected through this survey will not be shared with any third party. The data will remain confidential and used for academic research purposes only.

INSTRUCTION:

- **Tick or highlight any 1 choice only in each question**

Name (optional): ____

Gender: ☐ Male ☐ Female ☐ Other

Q.1. Which Age group do you belong to?

☐ 18-25 ☐ 26-35 ☐ 36-45 ☐ 46 -55
☐ 55 & above

Q.2. Which factor do you prefer most when it comes to Entertainment?

☐ Content ☐ Medium

Q.3. Which type of entertainment do you prefer to watch on a regular basis?

☐ TV shows ☐ Movies ☐ Sports ☐ Movies & TV Shows ☐ All of them

Q.4. Which language do you prefer most to watch Movies in?

☐ English ☐ Hindi ☐ Regional Language

Q.5. Which language do you prefer most to watch TV Shows in?

☐ English ☐ Hindi ☐ Regional Language

Q.6. Which platform do you prefer most to watch movies?

- ☐ OTT Streaming Online Services ☐ Cable TV ☐ Cinemas

Q.7. Which platform do you prefer most to watch TV series?

- ☐ OTT Streaming Online Services ☐ Cable TV

Q.8. What attracts you most to OTT Online Streaming Services?

- ☐ Content ☐ No ads ☐ Convenience (Portability)
- ☐ Pace ☐ Cost

Q.9. How many Online Streaming Services have you currently subscribed to?

- ☐ One ☐ Two ☐ Three ☐ Four ☐ More than four

Q.10. Which OTT Online Streaming Service brand would you recommend most to others?

- ☐ Netflix ☐ Amazon Prime ☐ Hotstar ☐ Voot
- ☐ SonyLiv ☐ ErosNow ☐ JioCinema ☐ Alt-Balaji

Q.11. Based on Q10, which factor makes you recommend this brand the most?

- ☐ Foreign Content ☐ Localized Regional Content ☐ Ease of Use
- ☐ Cost

Q.12. What is your favourite genre in OTT online streaming entertainment services?

- ☐ Comedy ☐ Action ☐ Horror ☐ Thriller ☐ Drama
- ☐ Romance

Q.13. What makes OTT online content so special when compared to television or cinema?

- ☐ No ads ☐ No censorship ☐ Cost ☐ Binge- Watch

Q.14. Which technology medium do you use to watch your OTT online entertainment?

- ☐ Smart TV ☐ Tablet ☐ PC ☐ Smartphone ☐ other

Q.15. Do you share your OTT online streaming account details with others?

- ☐ Yes ☐ No

Q.16. Will you switch permanently to OTT for entertainment in the near future?

☐ Yes ☐ No ☐ Maybe

<u>THANK-YOU FOR YOUR TIME !</u>

APPENDIX 2 – CHARTS & TABLES

Exhibit 2A

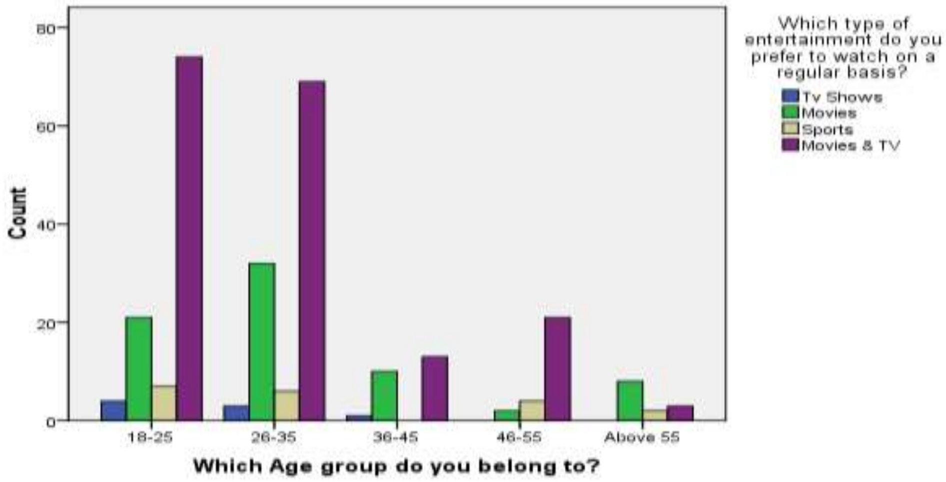


Exhibit 2B

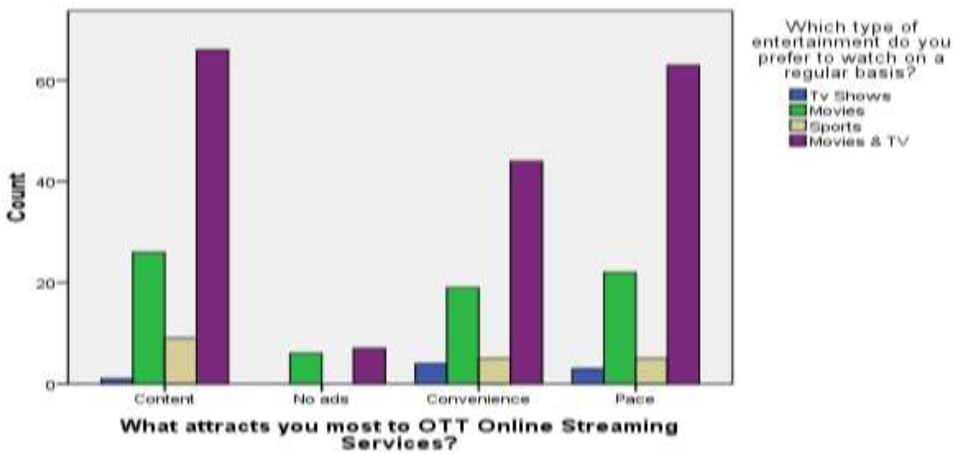


Exhibit 2C

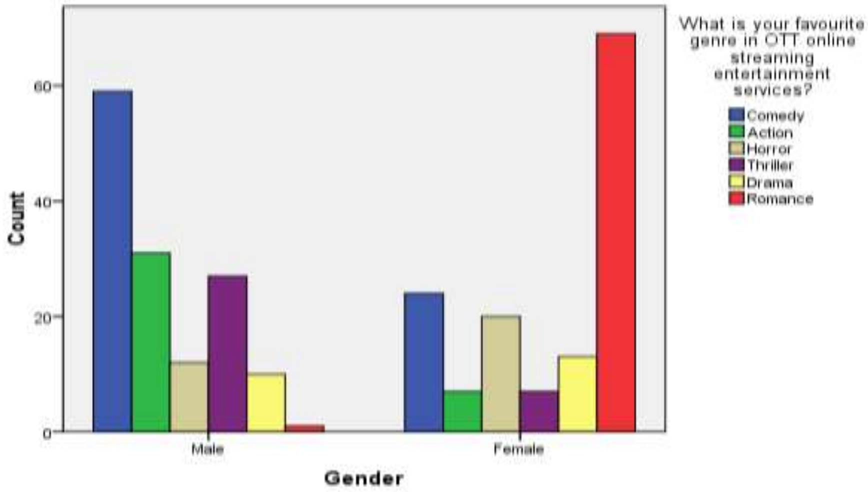
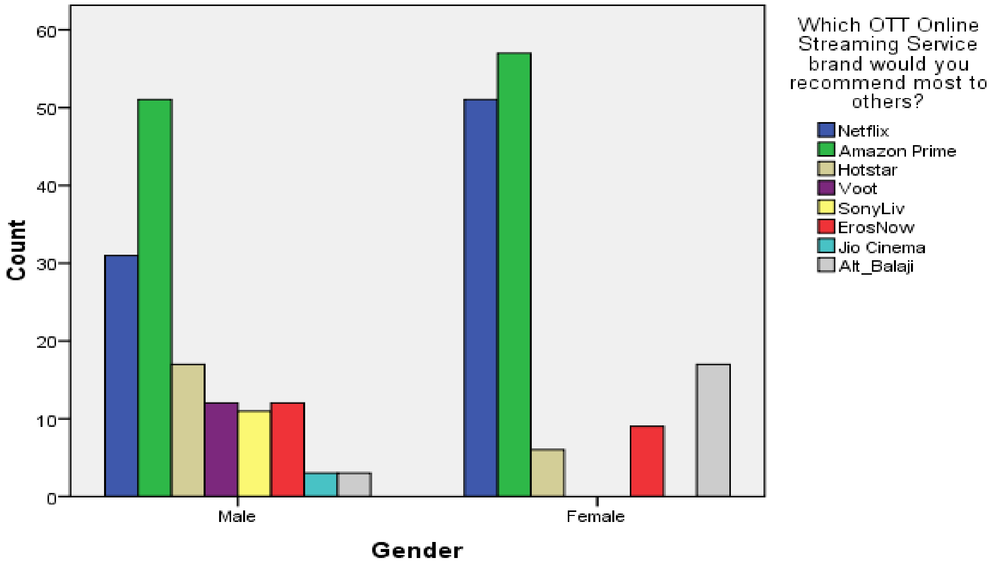


Exhibit 2D (table)

Which OTT Online Streaming Service brand would you recommend most to others?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Netflix	82	29.3	29.3	29.3
	Amazon Prime	108	38.6	38.6	67.9
	Hotstar	23	8.2	8.2	76.1
	Voot	12	4.3	4.3	80.4
	SonyLiv	11	3.9	3.9	84.3
	ErosNow	21	7.5	7.5	91.8
	Jio Cinema	3	1.1	1.1	92.9
	Alt_Balaji	20	7.1	7.1	100.0
	Total	280	100.0	100.0	

Exhibit 2 E



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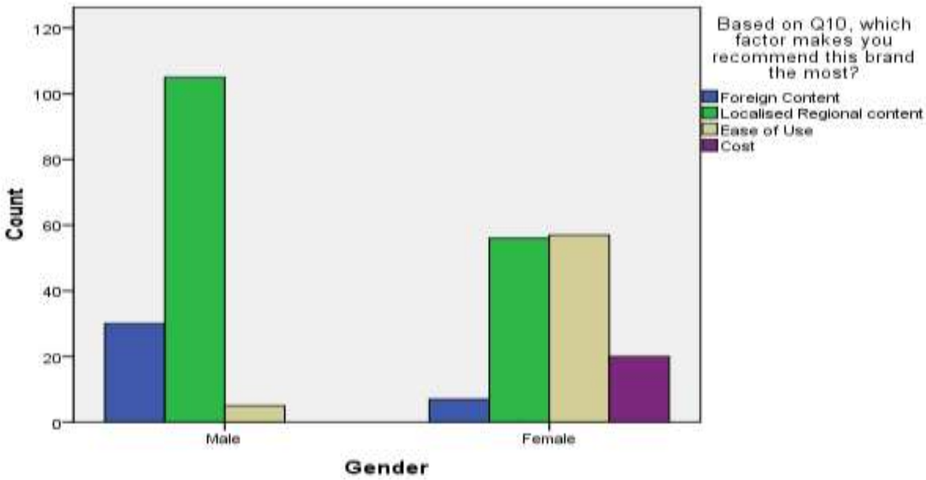

Exhibit 2G

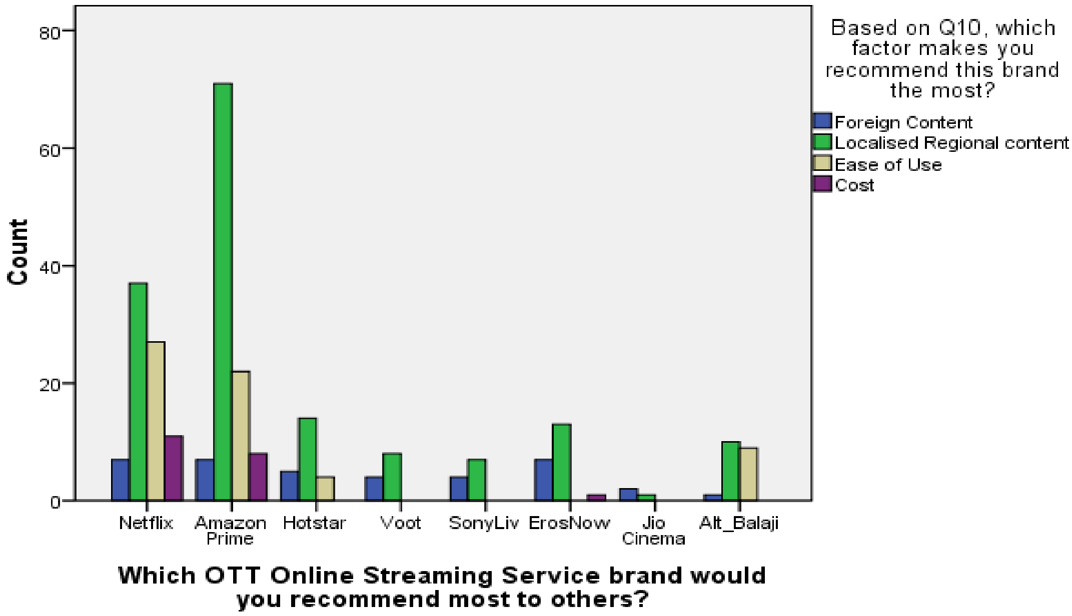

Exhibit 2H