



THE RISE OF OTT PLATFORM: CHANGING CONSUMER PREFERENCES

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ABSTRACT

The internet has enormously changed the functioning of most of the industries. Entertainment industry has faced drastic changes in the operations due to the rising usage of internet among its target audience. The consumers are now well informed and acquainted with new technology and the emerging trends in the entertainment sector. This scenario is highly responsible for the growth of the OTT platforms all around the world. Even target audience in India is much familiar with the movies, shows, music and other genres offered by different OTT platforms. Netflix, Amazon Prime, Disney+ Hotstar, Zee5 etc. are becoming very popular video streaming platforms for salaried and youth market in India. The expansion of OTT industry has tuned out profitable to entertainment sector. This article draws attention to the rise of OTT, factors influencing its success and the major players catering the target audience etc.

KEYWORDS: Entertainment, Media Industry, OTT, Streaming, Video

INTRODUCTION

The digitalization of technology has contributed to the success of businesses to a great extent around the globe. The entertainment and media industry has witnessed an unparalleled growth in the past few decades. Now the consumers are not dependent on their television sets for entertainment. A new era of binge watching has gaining popularity now a day on OTT platforms. OTT, over the top, is a preferred choice for most of the consumers of media and entertainment industry. The use of smart phones, laptops, tablets and economic rates of internet packs are the key factors for the inclination towards OTT channels.

According to IBEF, The OTT sector in India witnessed a 30% rise in the number of paid subscribers, from 22.2 million to 29.0 million between March and July 2020, due to Covid 19 led Lockdown. As per a recent study, most Indian viewers prefer watching regional language content, especially in Hindi, on the OTT platforms. Hindi language content accounted for >50% of the overall streaming in April-July 2020. Overall, the top five metro cities accounted for 46% of the total OTT video platform users, while Tier I cities accounted for another 35% users in July 2020.

According to Redseer, the online content consumption in India grew 35% in April 2020 compared to January 2020. It further stated that short-form video content consumption recorded the most significant jump during the lockdown.

According to the Boston Consulting Group (BCG) and CII report, the average digital video consumption in India witnessed a 2X growth in the last two years. The report also mentioned that on average time spent in video consumption by Indians increased from 11 minutes to 24 minutes per day (as of November 2019).

The PwC Global Entertainment & Media outlook: 2020-2024 report revealed that OTT video content growth is happening from inside and outside the home due to proliferation of Smartphone devices and internet connected Television sets. Subscription VOD will be the prime driver of revenue, increasing at a 30.7 percent CAGR from US\$708 million in 2019 to US\$2.7 billion in 2024. The report said that India is the fastest-growing OTT market at 28.6 percent CAGR; to become the sixth-largest market in 2024. India's OTT market will overtake South Korea, Germany and Australia and become the sixth-largest market in 2024.



India is now the sixth-largest Internet ad market in the Asia Pacific, having surpassed Taiwan in 2019.

Inc42.com indicated that India currently has 95 OTT platforms across video, music, podcast and audio streaming category. The average time spent by Indian users on OTT platforms has increased by 30-60% since early March 2020. Over the top (OTT) streaming platforms such as Disney+ Hotstar, ZEE5, Netflix, Amazon Prime Video, along with local players such as BIGFlix, Alt Balaji, Voot, Spuul, Eros Now, SonyLIV, Sun NXT, Hoichoi, Ullu, MXPlayer among others have redefined the way Indian audience consume content. In line with global trends, the Indian consumer is increasingly consuming the content on digital platforms. This trend is observed for all type of content including news (text), music (audio), or video. Increasing internet penetration and mobile device proliferation and convenience of consuming the content anytime, anywhere are the key drivers for this trend.

The Indian OTT Video Services Market is projected to grow at an aggressive CAGR of more than 30% during 2021 - 2025 due to the growing number of smart phones users, higher proliferation of smart devices, cheaper internet plans, consumer preference for good quality content, increasing urban population and rising innovation in OTT platforms in the country's OTT video services market.

Rising disposable income and increasing demand for OTT video services from young population are other factors contributing to growth in OTT video services market in India. Moreover, changing lifestyle of consumers and COVID-19 restrictions are also expected to boost OTT Video Services market in India.

OTT MODELS

The OTT market is segmented into advertising video on demand (AVOD), subscription video on demand (SVOD) and freemium & transactional video on demand (TVOD).

a) Advertising Video on Demand (AVOD):

These models use advertisements in between the content watching for monetizing the traffic on a particular content. YouTube is one of the popular examples of AVOD.

b) Subscription Video on Demand (SVOD):

The OTT platform offers a bunch of subscription plans for different time periods to the audience. The consumers may pay the subscription charges and enjoy the content available on the platform from any electronic device. Amazon Prime, Netflix etc are popular SVOD platforms.

c) Freemium Model:

Freemium OTT platforms are combination of both AVOD and SVOD. Some of the contents for watching are available for free while to watch exclusive contents consumers need to pay subscription charges. Some of the well known freemium platforms are ErosNow, Disney+ Hotstar, SonyLiv etc.

FACTORS INFLUENCING GROWTH OF OTT

The awareness and use of technology has tremendously influenced the growth of sectors like e-commerce, digital marketing, online education, on demand entertainment etc. Some of the important factors that have contributed to the rise in the OTT platforms can be:

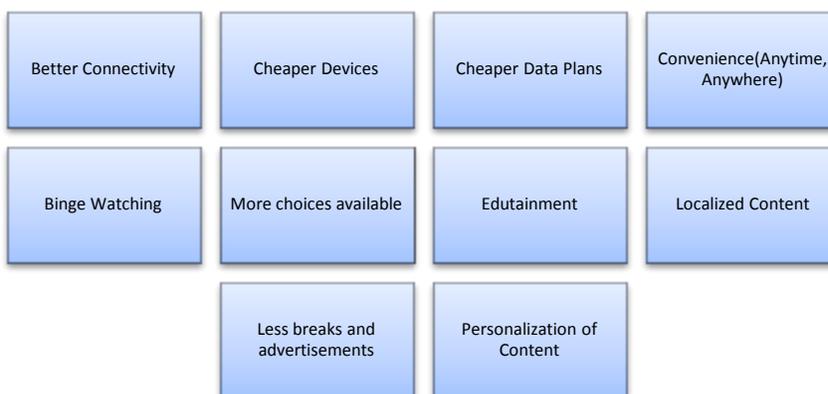


Figure 1: Drivers for Growth of OTT



MAJOR OTT PLAYERS IN INDIA

There are various OTT platforms are offering their services in Indian market. Some of the important ones are discussed here.

1. Disney+ Hotstar

Disney+ Hotstar is arguably the most popular OTT platform in India. The streaming service, now owned by Walt Disney, has a vast catalogue of content that is divided across movies, TV shows, web series, sports, kids content, and news. With Disney owning the service, you also get access to Marvel, Star Wars, and tons of Disney animated movies and shows. Disney+ Hotstar is compatible with both iOS and Android devices as well as PCs and smart TV. To stream content from this OTT platform, you need to subscribe to one of its plans. Disney+ Hotstar subscription is available with two plans: VIP and Premium, which are priced starting at Rs 299.

2. Netflix

The American over-the-top content platform has delivered tons of exceptional and highly-streamed original shows and movies, such as Sacred Games, The Queen's Gambit, Stranger Things, and so on. There are a variety of Netflix subscription plans, namely Mobile, Basic, Standard, and Premium, which starts at just Rs 199 a month. The Netflix plans in India differ in terms of resolution and number of simultaneous viewing, while the catalogue of the content remains the same.

3. Amazon Prime Video

The subscription to Amazon Prime Video is free with the e-commerce platform's Prime membership, which also includes free Amazon Prime Music subscription alongside unlimited free and quick delivery, exclusive deals and discounts, and access to e-books. The OTT platform Prime Videos is known in India for its original web series such as Mirzapur, The Family Man, Tandav, Paatal Lok, and One-Mic Stand, among others. It's also home to some critically-acclaimed international TV shows and movies, regional content, Bollywood, kids content, and iconic TV shows. Besides English, Prime Video is available in six other Indian languages at the moment. Amazon Prime membership costs Rs 129 a month and Rs 999 a year.

4. Zee5

Zee5 is another popular OTT platform in India. It's a home-grown video streaming service, owned by Essel Group, that offers a mix of originals, shows, music, and movies in 12 languages and has a bespoke catalogue of premium content for audiences across India. Zee5 also leverages its partnership with ALTBalaji whose originals, shows, and movies are available for free to ZEE5 subscribers. The streaming service subscription plans start for as low as Rs 99 a month. Recently the

most awaited movie 'Radhe' featuring Salman Khan released on Zee5 platform for audience.

5. Sony Liv

Sony Liv has over 18 years of content such as TMKOC and The Kapil Sharma Show from channels that are part of the Sony Entertainment Network, such as Sony TV, Sony SAB, Sony Ten, Sony Max, Sony Max 2, Sony Six, Sony Pix, and Sony Yay. You can also livestream WWE, European football, La Liga, Champions League, and other sporting events that are broadcasted live on Sony SIX, Sony TEN 1, Sony TEN 2, and Sony TEN 3 channels via the OTT platform in India. The Sony Liv app is also subscription-based, with its plans in India starting at just Rs 199 a month.

6. Voot

This major OTT platform in India is owned by Viacom18, which also runs several TV channels in the country such as Colors, and produces films. Voot brings all these programs under one roof, much like Sony Liv. You can stream all Viacom18 TV shows and movies via the platform's app and website at any time and from anywhere. Initially, Voot was a free-of-cost streaming service, but now the company has introduced plans at Rs 99 per month and at Rs 999 per year.

7. AltBalaji

AltBalaji has also carved out a niche for itself in the Indian OTT platform industry. The streaming service offers a number of original web series and movies, mostly 18+, in Hindi and a variety of regional languages such as Bengali, Hindi, Marathi, Punjabi, Tamil, and many more. AltBalaji subscription plans are as follows: Rs 100 for three months, Rs 180 for six months, and Rs 300 for a year.

8. JioCinema

JioCinema is a video-on-demand OTT service from Mukesh Ambani-promoted telco Jio. The platform is exclusive to Jio users only, with no additional charges. The catalogue of JioCinema content includes movies, TV shows, Jio exclusives, documentaries and trailers. Jio recently also partnered with Disney India to offer popular Disney movies like Toy Story 3, The Jungle Book, The Lion King, and more.

9. MX Player

MX Player has come a long way from being just a video player. It's now among the best OTT platforms in India. MX Player provides users with syndicated content along with its own originals. While the streaming service is completely free of cost, it does interrupt your experience by showing ads in between consuming content.

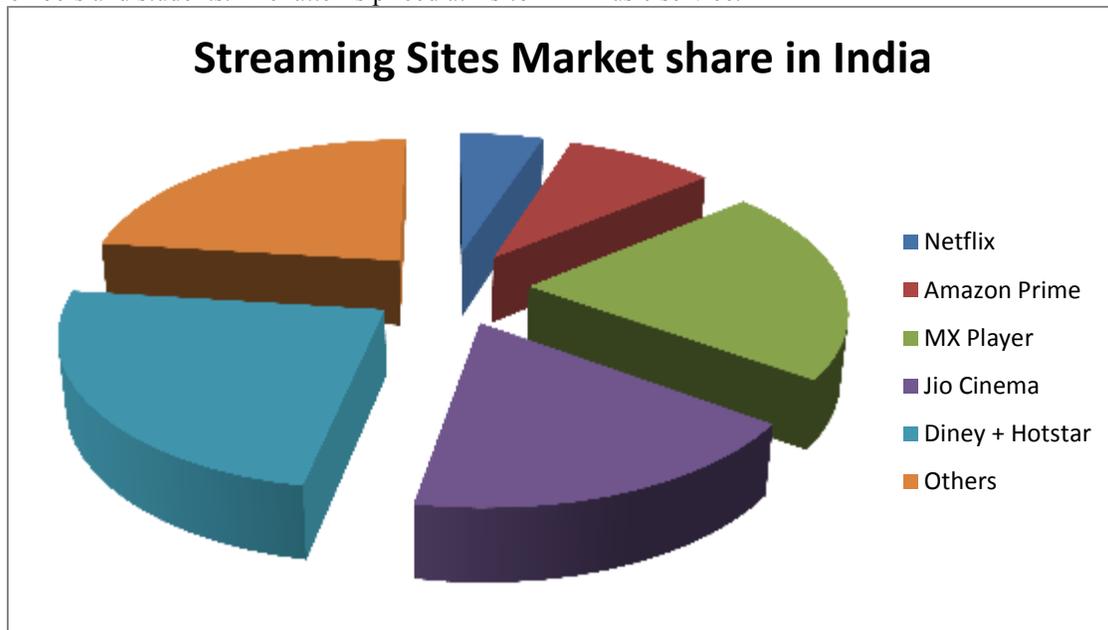
10. YouTube Premium

YouTube as a streaming device is very popular, but little would know that the platform has its original shows. These shows are exclusive with YouTube



Premium subscription plan, which is priced at Rs 129 per month and Rs 399 for three months. This is for a single user. There are also plans for a family with up to five members and students. The latter is priced at Rs 79

a month, while the family plan costs Rs 189 per month. Moreover, Premium customers do not have to watch any sort of ads and also get access to the YouTube Music service.



IMPACT OF COVID-19 ON THE INDIAN OTT MARKET:

Amid the nationwide lockdown due to the ongoing corona-virus (COVID-19) pandemic, OTT platforms in the country have witnessed a substantial surge in terms of content consumption and subscriber count, and hence are striving to meet viewers' swelling appetite for entertainment. The average time spent by a subscriber on an OTT platform has increased from about 20 minutes to at least one hour during recent times. It is estimated that an user spent at least 32% more time watching original series on various OTT platforms during the March 20th 2020-April 3rd 2020 period as compared with the January 13th 2020-February 2nd 2020 period.

To meet the increasing demand and reduce internet congestion, OTT platforms including Hotstar, SonyLIV, ALTBalaji, Amazon Prime Video, Netflix and Zee5 have unanimously decided to cut down high definition picture quality (1080p & 720p) bitrate to standard definition picture quality (480p).

Impact of COVID-19 on market players:

- In April 2020, Indian OTT platform Zee5 reported that overall it witnessed a viewership of 437.4 Mn

during the lockdown period, starting from March 2020 till April 2020.

- In April 2020, ALTBalaji reported that the OTT platform is currently witnessing a considerable rise in digital subscriptions with an average of 17,000 subscriptions being added per day post the announcement of lockdown in the country, as against an average of 10,600 in March 2020 before the lockdown, which corresponds to a dramatic growth of roughly 60%

- As of April 2020, DAU of Amazon Prime Video in India increased by 83% since the country went under lockdown

- On March 20th 2020, MX Player reported to have witnessed a two-times increase in the time spent across content in various genres by Indian users, especially across MX Originals.

CONCLUSION

With the boom in the technical specifications of smart-phones and rising usage of internet the entertainment industry is performing well with OTT services. The pandemic Covid 19 has contributed a large to the subscription of popular OTT series due to ample free time and need for edutainment and



entertainment during lockdown. As the shooting of TV serials and movies were stopped due to lockdown, the consumer shifted towards OTT and the demand offshoot with a high rate. Now consumers are more comfortable with OTT services owing to the convenience and variety available without advertisements. As the trends are observed, the market of OTT will grow rapidly in the coming years too. The companies will now face the changing preferences for OTT platforms instead of entertainment offline.

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