



The Over The Top (OTT) Industry In India: An Economic Analysis

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Abstract:

The OTT industry has emerged as the most dominant industry as part of entertainment industry. This growing trend could be found across the globe. Similar trend could be found in India scenario. The major OTT service providers in India are Netflix, Amazon Prime, Hot star and many others. All the major service providers in India have achieved the increasing growth in terms of total revenues. This research paper has analysed the OTT service growth in India, especially with respect to demand, supply and revenue

Keywords: OTT services, entertainment industry, digital platform, economic growth, demand, supply, revenue

1. Introduction:

Indian entertainment industry is growing over the years. The entertainment industry includes radio, cinema, print and digital platform. In the recent years, there has been increasing use of online videos and over the top (OTT) services, which has become an important source of entertainment. Over the Top (OTT) services includes the movies and shows, which are delivered directly to the users on a digital platform by using satellite television. This is nothing but showing the video content through the internet. The advance technology in OTT industry has promoted its growth. The OTT can make available the content of video to the users as per his/her convenience. The OTT platform is accessible to users at any time. The convenience, personalized and flexibility, these are the special features of OTT platform. This has helped the OTT industry to grow faster with its popularity. There has been greater potential growth in the OTT industry in India in coming years. The increasing digital subscriptions and variety of content of entertainment have promoted the economic growth of OTT. The total revenue earning by the OTT players is increasing in the recent years. In the year 2019, the total revenue from OTT and Video across India was 0.49 Billion US dollars, which increased to 1.8 Billion US dollars in the year 2022. This trend of growth in the revenue has attracted many players to provide the service on this platform. The OTT industry has emerged as the most dominant industry as part of entertainment industry. This growing trend could be found across the globe. Similar trend could be found in India scenario. The major OTT service providers in India are Netflix, Amazon Prime, Hot star and many others. All the major service providers in India have achieved the increasing growth in terms of total revenues. This research paper has analysed the OTT service growth in India, especially with respect to demand, supply and revenue. The analysis given in this research article is based on economic variables. This is economic analysis with respect to the growth of OTT industry in the recent years.

2. Objectives of the Study:

- 2.1 There has been increasing growth in OTT industry in the recent years.
- 2.2 The total revenue earning by the OTT players has been increasing in the recent years.
- 2.3 The potential economic growth of OTT industry shall be significantly higher

3. Hypothesis:

- 3.1 The OTT industry has been growing in a positive direction in the recent years.
- 3.2 The revenue growth of OTT industry has increased in the recent years.

4. Literature Review:

Haritha and Vijaykumari (2021) have studied the OTT industry. According to the authors, the OTT is the revolution of entertainment industry. The study reveals that, the OTT platform has greater potential to grow and the users are preferring this platform due to convenience and value for money. Jain Kaneenika (2021) has studied the rise of OTT platform. The researcher has analysed the pattern of changing consumer preferences. According to the author, the consumers in India have accepted the new mode of platform as part of entertainment. Sontakke Kshamali (2021) has studied the OTT platform and its usage trend during the Covid-19 lockdown in India. According to the author, the OTT market is growing fast in India with expansion of creative content in English and regional language. Kiran and Ajaykumar (2022) have studied the OTT platform and the perception of the Indian customers. According to the authors, the OTT platform has grown in the recent years, especially after the Covid-19 pandemic.

5. Methodology:

The analysis given in this research article is based on the secondary data taken from the published articles, journals, data websites and reports. The main objective of the researcher is to analyse the growth pattern of OTT industry with respect to revenue, audience and service providers.

6. Analysis of Data and Results:

The OTT media service is offered directly to the users through the internet. The content of OTT can be transmitted through the cable, broadcast and satellite television platform. This content can be made available through the cell phones. The OTT service providers can charge subscription values based video on demand. Besides, this, the OTT services are accessible via websites on personal computers, smart TV and apps. The OTT media or the OTT platform is considered as the revolution of entertainment industry. The OTT platform has higher growth potential since they are providing various forms of entertainment videos. The latest movies, web series, short movies, documentaries, live TV shows, songs, cricket matches and many more contents are made available through OTT industry. The popularity of OTT platform is increasing over the years. Some of the major players of OTT industry are – Amazon Prime Video, Netflix, Disney+ hot star, Sony Live and others. In the recent years, the OTT platform is also providing its original entertainment content in regional languages, which has helped to grow further. The OTT platform is easily available through the smart phones. The high speed internet facility, lower subscription rate, the easy accessibility and the personalized mode, these are the some of the important factors which have helped to grow the OTT industry in India. The growth of the OTT industry can be measured through the revenue earning by the major players and the number of subscribers using this platform over the years.

According to Marketfeed.com, “currently, the OTT industry in India includes 46 service providers, which distributes various content over the internet to its users. In the year 2021, there were around 45 million OTT subscribers in India and this number will reach to 50 million at the end of 2024. The OTT market was estimated at around Rs. 2590 crores in the year 2018, which has reached to Rs. 12,000 crores in

the year 2023. The rate of annual growth was around 36 per cent". This trend of OTT industry shows that, there is greater importance to this industry in the recent times. According to thehindubusinessline.com, "the OTT market in India is growing fast and has reached to Rs. 10,500 crores in the year 2022. This includes subscription revenues and advertisement revenues. The OTT market has greater potential to grow and in the year 2030, this market will to Rs. 30,000 crores. The expansion of OTT market has promoted several opportunities for original content stories". According to thewire.com, "the OTT market has been expanding at the annual rate of 20 per cent. The greater growth potential of OTT platform has disrupted the mainstream cinema industry. The OTT industry also has created vast opportunities to several sections working in this field. The Covid-19 pandemic lockdown has promoted this industry. The increasing use of smart phones, easy accessibility of OTT content and affordable source of entertainment has promoted the growth of this industry.

According to www.statista.com, "At present the OTT industry is sharing around 8 per cent of the total revenue earned by the film industry. The total market size of Indian film industry was Rs. 172,000 crores in the year 2022. However, the OTT sector has greater potential to increase its scope and reach at higher level". According to www.ibef.org, "The OTT market in India is growing faster than the OTT market in other countries. India has emerged as the sixth largest OTT market in the year 2023. The compound annual growth rate (CAGR) of OTT industry in India is expected to be recorded as 28.6 per cent in coming years. The OTT platform includes OTT video, internet advertising, video games, e-sports, music, radio and podcasts. All these segments of OTT are growing at fastest rate. This shows that, the growth of OTT industry in India has been moving in revolutionary phase". The demand side of OTT service has been growing faster. The supply side of OTT service also has been improving. The OTT players as Netflix, Amazon, Disney+ hotstar and others have made large investment to create original content of the entertainment.

The OTT users in India are increasing over the years, especially after the Covid-10 pandemic. According to www.statista.com, "in the year 2018, the total OTT users were recorded as around 18.4 crores, which increased to 35.1 crores in the year 2022". The trend in the rise in total OTT users shows that, within four years, the total OTT users grew by nearly 100 per cent. According to www.financialexpress.com, "Indian OTT platform was recorded with 48.1 crores users in the year 2023, out of which around 10.2 cores users had active paid subscriptions". The growth trends of OTT audience in India show that, there has been increase in OTT audience by 25 per cent per annum. However, there has been large concentration of these OTT users in the metro cities of India. The large section of OTT audience prefers to watch online videos available on free streaming platform as 'Youtube'. According to the www.statista.com, the OTT service providers in India are growing by increasing their base of audience. Total OTT audience recorded with 'Disney+ Hotstar was 4.6 crores in the year 2022. The Amazon prime had 4 crores audience, Netflix India had 3 crores and Sony Liv had 1.2 crores of audience. The growth of OTT audience over the years has been remarkable. All the major OTT service providers have recorded a growth of audience around 20 to 30 per cent per annum.

7. Discussion

- i) The OTT services are available directly to the users through the internet
- ii) The OTT services are made available on cell phones, smart TV and personal computers
- iii) The OTT services are available in free mode and paid mode
- iv) The OTT industry in India is growing faster in the recent years, especially after the Covid-19 pandemic.
- v) The latest movies, web series, short movies, documentaries, live TV shows, songs, cricket matches and many more contents are made available on OTT platform.
- vi) Amazon Prime Video, Netflix, Disney+ hot star, Sony Live are some of the major OTT service providers

- vii) The OTT market was estimated at around Rs. 2590 crores in the year 2018, which has reached to Rs. 12,000 crores in the year 2023.
- viii) The compound annual growth rate was around 36 per cent
- ix) The OTT market is estimated to reach at Rs. 30,000 crores in the year 2030
- x) The OTT market has been expanding at the annual rate of 20 per cent.
- xi) Indian OTT platform was recorded with 48.1 crores users in the year 2023, out of which around 10.2 cores users had active paid subscriptions
- xii) 'Disney+ Hotstar OTT platform had highest number of users with 4.6 crores, followed Amazon prime (4 crores audience) and Netflix India (3 crores audience)
- xiii) The OTT industry has been growing in a positive direction in the recent years, which has invited more service providers.
- xiv) The revenue growth of OTT industry has increased in the recent years, which shows there has been higher profitability, if the service providers have original and creative content

8. Conclusion:

The OTT industry in India is growing faster in the recent years. The Covid-19 pandemic lockdown has brought a boon for this industry. The supply side and demand side of this OTT industry has been active and efficient. The easy accessibility and affordability have brought the wide acceptance of OTT platform by Indian audience. The OTT industry revenue is increasing over the years along with increase in its base of users. This industry has greater potential to grow in coming years. The annual growth rate of this industry has been remarkable, which has attracted more OTT players to enter in the market. Overall, this OTT industry has emerged as most original and creative platform of entertainment.

Table No.1

OTT Video Viewers/Users in India

Year	Total Number of Viewers/users (in Crores)
2018	18.4
2019	22.2
2020	27.1
2021	34.7
2022	35.1

Source:<https://www.statista.com/outlook/amo/media/tv-video/ott-video/india#revenue>

Table No.2

Total Number of Subscribers/Users by Service Providers (in Crores)

Service Providers	2018	2019	2020	2021	2022
Amazon Prime	1.8	2.2	2.9	3.5	4.0
Netflix	1.3	1.6	2.1	2.9	3.0
Disney + Hotstar	0.6	1.0	1.7	2.9	4.6
Youtube	0.2	0.3	0.7	1.2	1.9

Source:<https://www.statista.com/outlook/amo/media/tv-video/ott-video/india#revenue>

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