

A Study on Growth of Over the Top (OTT) Video Services in India

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Subject Area: Management: The entrance of Over the Top services like Netflix, Amazon Prime, Hotstar in India has caused turmoil in the entertainment industry. Today OTT players have become part of mainstream media and thus influenced the viewing behavior of consumers all over the world. The recent affair between internet and entertainment has not only changed the mode of content distribution but has also impacted the nature of content creation.

The present study aims to understand the changes in pattern of content consumption behavior of consumer after the introduction of OTT services in India and the factors contributing to the success of OTT services. Convenience sampling technique was used for the study and response from 106 respondents (N = 106) were collected through online survey questionnaire.

The findings of the study shows that majority of users (88%) agrees that emergence of OTT platforms have affected their television and movie watching habits. Smart phones are the most preferred device for watching OTT channels and majority of viewers are night time users. The analysis presents that affordable internet connection is the most important technological reason for the growth of OTT services in India. Majority of users are satisfied with the content and quality of service of OTT services. Other important factors which significantly contribute to the growth of OTT services are cost, ease of use, convenience and user customization. The findings of the study not only provides an insight on the most important factors contributing to the success of OTT services but also the reasons for people not adopting to OTT services. Content openness, cost and lack of technological readiness are emerging as major barriers in adoption of OTT services in India. The present study suggests that the future of OTT services is bright in India and present users as well as non users are willing to use OTT services in future.

Key Words: OTT services, India, entertainment, television, growth factors

Introduction

Indian Entertainment industry is a 1.82 trillion industry (FICCI-EY report). It comprises of television, radio, cinema, print and digital sectors. With the advent of online videos and Over the Top services, entertainment industry is under turmoil. Whenever a new technology enters into any industry changes are inevitable. New technologies not only impact the goals to be achieved but also how we desire to achieve such goals. Broadband and digital technologies have brought seismic shifts across various industries and entertainment industry is no exception. Digital subscriptions have grown and the revenues have doubled from 2018. Digital media have surpassed filmed entertainment and gained the position of third largest segment in M&E industry in 2019. The recent affair between internet and entertainment has significantly impacted the traditional entertainment industry but still television and print have maintained their positions as first and second. The changing mode of entertainment is not only affecting the mode of content distribution but is also demanding a change in content creation. For nearly two decades the content on television remained unchanged with some modifications and alterations. Digital disruption has not only affected the mechanism of content delivery but has changed the content itself.

Over the Top services

Over the Top services refer to movies and shows that are delivered directly to the digital user without using any cable or satellite television. The US federal Communications Commission defines OTT as an online deliverer of video content via internet (FCC, 2013). Over the Top services market is a large market comprised of media and entertainment industry, education and training industry, health and fitness, IT and telecom, e-commerce and others. Media and entertainment industry has emerged as the most dominant industry in Over the Top market due to increase in number of online video consumers.

Over the Top Services global picture

The change in form and format of entertainment industry has been experienced globally. Over the Top services are hugely popular in developed countries with North America as global leader in consumption of OTT services due to better broadband connectivity and content providers. The major OTT service providers are

Netflix, Hulu, Amazon Prime, Hotstar and many others. As per report of Allied Market Research the global market size was valued at \$97.43 billion in 2017 and is expected to reach \$332.52 billion by 2025, growing at a CAGR of 16.7% from 2018 to 2025.

Over the Top services market in India

As per reports of Boston Consulting Group titled 'Entertainment Goes Online' Indian OTT market will reach \$5 billion in size by 2023. India is an important market for leading OTT players. The growth in the users will not be limited to urban areas only but will penetrate the rural market of India. Affordable data, increased number of mobile users and development of regional content has paved the way for the growth of OTT services in India. As President India and Middle East, Sony Music Entertainment Inc. Shridhar Subramaniam states, "the advent of OTT players, both domestic and international, is providing consumer with multiple choices around content consumption. We are seeing a shift in consumer's attitude from content ownership to having easy access to a vast library at any time and place".

The current study aims to understand the changes in pattern of content consumption behavior of consumer after the introduction of OTT services in India and the factors contributing to the success of OTT services.

Literature Review

The industry of entertainment has never been static. Every decade has witnessed a change in both form and format of entertainment. Entertainment format today is very different from past formats and is continuously evolving. OTT is the buzzword in the entertainment world today. It signifies entertainment anywhere and everywhere. Though the adoption of OTT services is a widespread phenomenon and has brought radical transformations in entertainment industry it has received recent attention of scholars. In this study six major OTT players of India are covered which includes Amazon Prime, Hotstar Disney, Netflix, Voot, ZEE5, Sony Liv.

Earlier studies by scholars have highlighted the impact of digital services on entertainment industry through various case studies. Gillian Doyle used case study of BBC Three to provide an in depth examination of how strategies of traditional broadcasters are being reconsidered and changed after introduction of online rivals. Savvas, Papagiannidis, Berry and Feng Li studied on the creation of new opportunities for entrepreneurs by combination of technology and entertainment. They also raised questions on how traditional broadcasters will cope with the challenges put forth by internet television.

Scholars of several disciplines have tried to study the impact of OTT services on communication markets.

Martin Peitz and Tommaso Valletti (2015) in their study showed the relationship between internet access, communication and media services. They also established a complementary relationship between infrastructure products and content services.

Few studies have been conducted on the factors leading to adoption of OTT services. OTT services have been studied by **Sujata et.al. (2015)** have studied the various factors driving users towards OTT services. The major factors pointed are convenience and content availability. Sujata et.al have studied majority of factors contributing to growth of OTT but have not mentioned its effect on PayTV or traditional TV.

Baccarne, B., Evens, T. & Schuurman, D. (2013) in their paper 'The television struggle: an assessment of over -the-top television evolutions in a cable dominant market' mentioned about the loss of monopoly of traditional television due to introduction of digitalization and addition of more number of screens in our life. In his research he identified various factors like price, video quality, ease of use, personalized channel offerings, interactivity, flexibility, etc contributing to success of OTT TV.

Choy Har Wong, Garry wei-han tan, Zeck-Soon and Keng Boon Out (2015) examines user centred factors of performance expectancy and technological readiness for adoption of mobile TV. Their finding suggests that Performance expectancy is related to behavioral intention towards adoption of any new technology.

Ferguson and Perse were among the few researchers who directly compared the two media that is internet and television and suggested that internet can emerge as a functional alternative to television. They suggested that whenever an analysis is done on consumer acceptance of new medium it should begin with how the audience perceive the new medium – as a functional alternative to existing medium or not. Selection of new medium depends upon whether the new medium is able to fulfill the specific purposes of existing media in a better way. If the new medium is able to deliver better results the new medium begin to act like a substitute.

Leung and Chen 2017 applied the theory of planned behavior (TPB) to explain the intentions of consumers in adopting mobile television and their interest in content offered. It also studied that channel deficiency, mobile viewing habits and interest in content could significantly influence consumers' intentions to adopt mobile TV services. Although lifestyle types do not come out as a significant indicator of behavioral intention it had strong influence on content interest of consumers.

Research Questions

The literature review shows that majority of research were done in developed and technologically advanced country. They point out various factors contributing to success of OTT platforms. This research contributes to the existing literature by examining the growth factors in a developing country like India. The study proposes following research questions:

RQ 1: What are the current trends of entertainment industry after emergence of OTT platforms?

RQ 2: How OTT platforms perform on various parameters of entertainment industry?

RQ 2: Which is the most important technological reason for growth of OTT services?

RQ 3: Why do people restrict themselves from using OTT services?

Methodology

A questionnaire was designed to collect data from the respondents regarding the preference of OTT services. The structured questionnaire form was designed on Microsoft form and links were sent to different people. The questionnaire had 16 questions that explored viewer's preference for OTT services. The study describes the sample findings through simple percentage analysis and suggests that the future of OTT services is bright in India.

Data Interpretation

There were total 106 numbers of respondents selected as sample for data collection. Out of these 93 respondents were users of OTT services and 13 were non users. Among the user category approximately 81 percent of users used some kind of paid subscription for consuming OTT services were as 19 percent of the users did not opt for any paid subscription.

Table 1
Most preferred OTT Application

Preferred OTT Application	Percentage of Respondents
Amazon Prime	24
Hotstar	20
Netflix	44
Voot Select	5
Others	7

The third question of the questionnaire indicated about the most preferred OTT channel among Indian users. Approximately 44 percent viewer rate Netflix as the most used OTT channel for watching online video contents. Second preference was given to Amazon Prime (24%) followed by Hotstar (20%).

Table 2
Most preferred Device for OTT Consumption

Preferred Device	Percentage of Respondents
Computer	5
Firestick	25
Laptop	11
Smartphone	56
Tablet	3

The most preferred device among users for watching OTT content is smart phone. Approximately 56 percent of the users use smart phones. The second position was secured by firestick (25%) and the third rank in the list is of laptop users (11%).

Table 3
Frequency of OTT Usage

Frequency of OTT Usage	Percentage of respondents
Daily	48
Twice a week	30
Weekly	12
Monthly	10

Frequency of usage of OTT services speaks a lot about the acceptance of OTT services among viewers. 48 percent of the users consume OTT services daily and 30 percent of the users use it twice in a week. This brings us to the fact that viewers have adapted to OTT mode of entertainment.

Table 4
Preferred Timing for Watching OTT

Timing	Percentage of Users
Morning	10
Afternoon	15
Evening	15
Night	51
Late Night	9

51 percent of the users watch OTT content during night followed by afternoon and evening users. There are only 9 percent users who watch OTT content late night.

Table 5
Rating OTT services on Various Parameters

Various parameters to understand the factors contributing to growth of OTT services in India were taken on a Likert scale and were numbered from 5 to 1 where 5 stood for extremely satisfied and 1 for extremely dissatisfied.

Parameters	Extremely satisfied	Very Satisfied	Moderately Satisfied	Dissatisfied	Extremely Dissatisfied
Cost	21	39	37	0	0
User Customization	22	39	49	0	0
Quality of service	26	33	38	3	0
Ease of Use	20	39	39	2	0
Convenience	24	35	39	2	0
Customer Care Services	14	36	45	3	2
Content	20	36	38	6	0

Majority of customers are very satisfied or moderately satisfied by the different services offered by OTT players but there needs to be more attention given by OTT players to these features so that the satisfied customers turn to be extremely satisfied and their viewership increases.

Table 6
Most Preferred Content on OTT Channels

Most preferred Content	Percentage of Respondents
Documentary	10
Movies	27
Reality Show	3
TV serial	3
Web Series	54
News	3
Sports	0

The originality and freshness of web series have attracted majority of customers to OTT platforms. The data of the survey clearly reflects this. 54 percent of users choose to watch web series on OTT platforms where as 27 percent of viewers use it to watch movies. The viewers of sports channels still prefer to use television for watching sports events as none of the viewers use OTT platform for this.

Table 7
Technological reason for Penetration of OTT services

Technological Reason	Percentage of Respondents
Affordable Internet	47
Compatibility of services with other Devices	30
Penetration of mobile	16
Others	7

India has one of the lowest internet charges in the world. With the coming of Reliance Jio internet has become affordable for Indians. This is also reflected in our study where 47 percent of consumers of OTT services consider it to be the most important technological reason for growth of OTT services. 30 percent of the respondents feel that the service being compatible with multiple devices increased its popularity.

Table 8
Effect of OTT growth on Television and Movie Consumption Habit of Users

Change in Television and Movie Consumption habit	Percentage Response of Respondents
Yes	88
No	12

Most of the users agree that with the emergence of OTT services changed their television consumption pattern has changed.

Table 9
Future of OTT services in India

Increase in Consumption of OTT Services in Future	Percentage of Respondents
Yes	97
No	3

The study reveals that the futures of OTT services are bright in India. 97 percent of respondents agree to the fact that the consumption of OTT services will increase in India.

Table 10
Reason for not adopting to OTT Services

Reason for not adopting OTT Services	Percentage of Respondents
Content Openness	26
Cost	22
Lack of Awareness	18
Lack of Infrastructure	11
Lack of Technological Knowledge	23

OTT industry is a self regulated industry and lacks any censorship under Information Technology Act, 2000. Thus there is no control over online content of Central Board of film certification. 26 percent of the respondents feel that the content openness on OTT platforms prevents many from using OTT services. Lack of technical knowledge and cost are other important reasons for customers not using OTT services.

Table 11
Willingness to Continue with OTT Services

Willingness to Continue with OTT Services	Percentage of respondents
Yes	87
No	13

87 percent of the respondents are willing to continue with OTT services in future where as 13 percent of the users do not want to continue with OTT Services in future.

Conclusion

By and large India is witnessing growth in consumption of OTT services. OTT video services were once considered as luxury has turned into a commodity. The numbers of paid subscribers are increasing with Netflix, Amazon Prime and Hotstar emerging as the most popular OTT platforms. The study is consistent with previous studies done by Deloitte where smartphones emerged as the most frequently used device for watching OTT content. Majority of respondents agreed to the fact that emergence of OTT services have impacted their television and movie watching habit. Maximum users use it daily as a means of entertainment during night time.

Customers are generally satisfied by the various offerings of OTT services. Cost, customization, quality of service, ease of use, convenience, customer care service, content were the parameters taken to study the satisfaction of customers while using OTT services. Customers have rated the services on 5 point likert scale and maximum customers have shown moderate satisfaction regarding various parameters. Among content web series have attracted majority of customers due to its originality. Adoption of any new technology demands improvement over previous technology. There was no change in the content of television from past two decades and because of this freshness in content appealed to maximum customer to adopt for OTT services.

Over the Top services technology is integration of internet services and entertainment industry. Affordable internet connections have lead to an increase in growth of OTT services all over India where as lack of technological awareness and content openness stops viewers from shifting to OTT platforms. OTT industry is a self regulated industry and there have been growing demand for its regulation by some government bodies. Viewers find that the content is violent and too much of nudity is shown which is not suitable for young generations. Overall the study reveals that the future of OTT services is bright in India and viewers are willing to use such services in future.

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