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Rise of OTT Platforms in India during the Covid-19 pandemic

Devika Bajaj

yashi@yashishukla.com

The Shri Ram School Aravali, Gurgaon, Haryana

ABSTRACT

In this paper, we analyze the unprecedented rise of OTT Platforms in India during the Covid-19 pandemic. In the wake of rapid digitalization and increased penetration of consumer electronics devices, there has been a notable change in the way the audience chooses to consume content and media. This has led to the emergence of a large market for OTT platforms. This paper examines the notable change in the audience and their viewing patterns which have not only been key to determining how successful OTT platforms have been but also will be in the future. It is astonishing to note that by 2021 alone, we have spent 204 billion minutes watching material on OTT platforms, an increase of 181 billion minutes. The future of OTT in India is such that it is expected to outperform expectations and take the lead in the subcontinent's entertainment industry.

Keywords: OTT, Over the Top platforms, Television, Digitalization

1. INTRODUCTION

The entertainment industry has always been an integral part of Indian society. Tools of mass communication were first employed to raise awareness under the British rule of India. They were utilized to exchange ideas, inspire the populace to revolt, discuss our rights, and maintain the flame of the freedom struggle. Entertainment was initially a privilege only accessible to a fortunate select few. However, as times progressed and our economy stabilized, the media and entertainment sector developed into a thriving industry with a wide range of genres, including news, sports, and more.

Over the past 50 years, the entertainment sector has evolved dynamically from television which once offered only limited channels in black and white to now the introduction of over 40 Over the Top Platforms available for viewership across the country. In the wake of rapid digitalization and increased penetration of consumer electronics devices, there has been a notable change in the way the audience chooses to consume content and media.

The advent of the internet has led to the emergence of a growing market and consumer appetite for curated and personalized content of choice which has led to the introduction of OTT (Over

the Top) platforms across the globe. According to Tata Consultancy Services OTT is defined as “the platforms that deliver film and television content, bypassing the conventional distribution streams of cable and satellite TV, from producer to consumer directly, in an exchange driven by the Internet.” Some of the leading OTT platforms in India include Netflix, Amazon Prime Video, Disney+ Hotstar, Eros Now, etc.

It is imperative to note how in a short period of time OTT platforms have dethroned multiplexes as the leading entertainment option in the country. In fact, a report forecast by the Economic Times suggests that OTT will become a Rs 12,000-crore market by 2023 — a major jump from Rs 2,590 crores in 2018, reflecting a compound annual growth of 36 percent.

Due to their focus on premium quality content, OTT platforms have unquestionably been extremely successful in catering to the Indian population consisting of approximately 65% of individuals below the age of 35 who are continuously searching for more edgy, intriguing, and distinctive narratives. The desire for OTTs is anticipated to spread beyond metro areas and into Tier II and Tier III cities. It is astonishing to note that by 2021 alone, we have spent 204 billion minutes watching material on OTT platforms, an increase of 181 billion minutes. The viewership is only anticipated to rise in the upcoming years as the enormous Indian populace becomes more aware of the high-quality material available on OTT platforms.

For OTT platforms, the rapid expansion of digital infrastructure has undoubtedly been a game changer, but the Covid-19 pandemic and the subsequent lockdowns were the effective catalysts in causing its explosive growth in the Indian subcontinent. The trends are only expected to continue in the future, with a user base likely to increase from the present 350 million to 500 million, according to the Centre for Media and Entertainment Studies (CMES) at MICA. This research paper aims to explore the triggers that have caused OTT platforms to grow exponentially, particularly in India where there is great regional and socioeconomic diversity and its impact on the dynamic Indian Economy.

In this paper, we analyze the unprecedented rise of OTT Platforms in India during the Covid-19 pandemic. We will be

utilizing and reviewing the literature available in order to further dive deeper into the significant increase in the number of OTT customers and how they have come to prefer them over the usual television landscape.

2. LITERATURE REVIEW

1. *Appropriate Digital Landscape*

There has been a growth in the consumption of digital material worldwide. According to a Deloitte report titled "Digital Media: Rise of on-demand Information", an average Indian teen spends 14% of their free time and about 17% of their monthly budget on the entertainment. In addition, a typical internet user in India consumes 6.2 hours of content daily, 21% of which is spent watching movies or other forms of visual pleasure. With the emergence of internet-enabled devices that support digitized content, the traction of various OTT mediums including audio, visual, news, music, etc has risen.

However, it is essential to understand that while the prevalence of mobile devices has facilitated digital media consumption, data pricing and widespread connectivity have equally influenced Indian customers to consume digital media.

The use of data-hungry apps, particularly entertainment services like on-demand music and movie streaming and download, is anticipated to rise with faster technology and fall in data prices in India, according to an article by BBC reports that India offers the "cheapest mobile broadband prices in the world."

2. *Shift in consumer behavior due to Covid 19 pandemic*

Consumers have been forced towards digital adoption by the pandemic. Nationwide lockdowns and social isolation have served as strong incentives to employ digital technologies in many aspects of daily life including using platforms such as Zoom and house parties to work and stay connected with family and friends worldwide.

It is essential to underscore that people have since embraced new modes and methods of doing things which prior to the pandemic remained restricted to their declared norms. One such interesting and significant alteration was seen in businesses that were already well-positioned to benefit from the shift to home-based entertainment and activities.

People who were cooped up in their homes began creating their own content bundles by purchasing or subscribing to all-inclusive platforms of video, music, content, exercise, and experiences leading to a significant surge in sales. According to the PwC annual report titled "Perspectives from the Global

Entertainment & Media Outlook", the Disney+ streaming service's late 2019 launch could not have come at a better time. Disney+ expected between 60 million and 90 million paying subscribers by 2024, but instead achieved 60.5 million in early August 2020 owing to the spike in interest for new and easily accessible content brought in by the pandemic.

3. *Content*

Over the years, all the television programs in India have been based on Indian humor, culture, and religion. However, when OTT platforms proliferated, they introduced new and captivating content from around the globe.

The OTT platform broadcasts provided a comprehensive overview of various nations, civilizations, and topics. The new age cinema appealed to young brains, such as Korean dramas,

anime, documentaries, etc., and garnered more and more viewers than traditional Indian dramas. The spectators' perspectives on new-age art, filmmaking, music production, and culture, are ever changing and OTT platforms ensure everybody consumes content that satisfies their likings and caters to their preferences.

At the same time, regional content production is becoming increasingly important in both the film and web series industries. Through this initiative, OTT solutions have been able to access a more specialized regional audience across India and aid content to reach millions of potential consumers residing in rural areas.

Dr. Sabyasachi Dasgupta and Dr. Priya Grover's study, "UNDERSTANDING ADOPTION FACTORS OF OVER-THE-TOP VIDEO SERVICES AMONG MILLENNIAL CONSUMERS," confirms that Indian audiences have shifted toward OTT content and are willing to pay for good quality, limitless access to content without place or time restriction.

4. *Monetization Models*

Particularly in a market like India, OTT video services have an odd issue. Since the idea of a paid subscription is still relatively new, most users are still skewed towards platforms that offer free content or brief free periods. According to a paper by Paramveer Singh, among young Indians, most gravitate toward the free trials offered on platforms.

The market for digital on-demand entertainment is still developing, and companies are experimenting with a variety of revenue strategies, with subscription-based and advertisement-based models being the most common. The prevalence of content piracy in India presently limits consumers' inclination to pay for content, however recent trends show a change in consumer behaviors, to the different pricing and product strategies being employed by OTT companies.

Worldwide, users have demonstrated a willingness to pay for services and content, which offers a value proposition to them. As a result, companies are developing hybrid business models where some premium content and services are solely available to subscribers, while a big content library is accessible for free. Ad-supported models are used to monetize the traffic that free content attracts, while subscription fees are charged for premium services.

The majority of OTT players in India rely on advertisements for revenue. Producers are creating products and services that entice non-paying customers to become paid subscribers. Gaana and Saavn, which are both India's top internet music service providers have limited offer and hybrid monetization approaches.

5. *Impact on the economy*

The rising fame of computerized media has directly impacted the advertising industry and caused a tectonic shift in the outlook of worldwide advertising. Marketers are allocating their budgets to digital channels in response to shifting trends.

According to the report published by Ritu Bhavsar titled "The Burgeoning Digital Media Consumption: A Challenge for Traditional Television and Advertising Industries – An Analysis", the rapid increase in subscriptions to various OTT platforms has presented both a challenge and an opportunity for the advertising industries. The fact that digital media provides consumers with the option to remove advertisements for a

minimal fee makes it a challenge, according to analysis. Advertisements can also be skipped or closed without having to pay. A significant obstacle lies in the consumer's ability to avoid being exposed to advertisements.

It underlines how the future of the advertising sector is to utilize advanced portal software to ensure that users can receive individualized information in the form of specialized content. With this filtration method, marketers can better serve their targeted customers and cultivate long-term relationships with them thanks to this technological development. Leading to Ad services adopting a unicast model that targets individual viewers much like the internet in the near future.

6. Future of OTT in India & Conclusion

OTT platforms are expected to outperform expectations and take the lead in India's entertainment industry. In the future, tier II, III, and tier IV cities and towns will fuel the next wave of domination in OTT consumption, with the focus being on rigorous digital penetration in rural areas.

Many nascent OTT entrants are in the investment stage for a promising future in the industry as a result of rising advertising and user subscriptions that are steadily producing income for the OTT platforms. Instead of purchasing the digital rights to films and shows, the lesser-known OTT platforms are leading the trend by creating in-house content like original web series and stand-up specials to compete with the giants and attract customers. The analysis of the audience and their viewing patterns will be key to determining how successful OTT platforms are in the future.

Currently, the majority of OTT players only offer content in one language. The secret to success in a diverse subcontinent like India will be to serve the demands of audiences speaking different languages on a single platform. Lifting language barriers and guaranteeing top-notch content across all genres while serving all locations will be crucial.

In the past few years, distributed OTT platforms and smart TV penetration have indeed changed how the world consumes content, particularly entertainment. The epidemic, as well as the ensuing lockdowns, expedited the process dramatically. It seems likely that the following decade in this industry will go to those that not only have exceptional authenticity and originality of content but also cutting-edge technology, analytics, and user-friendly features. In the long run, the streaming war will empower users and change the way they consume OTT material.

Divya Dixit, Senior Vice President - Marketing, Direct Revenue & Analytics, ALT Balaji, commented that "OTT content consumption has witnessed a steady growth throughout and will continue to do so, on its own. The lockdown period has indeed scaled up the OTT content consumption game and I believe now is the time for OTT platform players to sit back and rethink their content strategy. Though this growth is due to a phase right now, we believe this lockdown phase will act as a catalyst in changing the content consumption habits of the audience to some extent while making some of them avid followers of original content."

3. CONCLUSION

We can conclude that the Covid-19 crisis provided a push that increased viewers' appetite for online content, even though OTT platforms were establishing themselves at a steady pace in the Indian market due to several reasons which have been explored

in the study above.

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