Online Videos in India—The Long and Short of It

An insight into users, platforms, and creators of
online videos in India

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Acknowledgements

Executive summary

India's hunger for digital video surges

Online video consumption has exploded over the last few years, with a surge in both users and usage bolstered by prolonged stay-at-home periods during the pandemic. India's large base of approximately 640 million Internet users, of which about 550 million are smartphone users, is rapidly growing and spending more time online. The Indian Internet user spends more time online than several countries globally, including China. Most of this time—a staggering 1 hour per day for a smartphone user—is spent consuming videos.

India's online video user base has scaled to more than 350 million people, growing at 24% annually from 2018 to 2020—two times faster than countries such as China and Indonesia. Time spent on online videos per daily active user per day has increased by 60% to 70% over this period. Despite this rapid boom, there exists massive headroom for growth—online video user penetration in India is nearly 60% of Internet users, compared with more than 90% in China.

Digital video entertainment consists of short-form videos (SFV), which are between 15 seconds and 2 minutes, and long-form videos (LFV), which are more than 2 minutes long. Videos can be made by users or professional creators, and they may be pre-recorded or livestreamed. A mix of global social media and entertainment giants as well as local specialist platforms are getting in on the online video action.

The lines that have traditionally divided SFV from LFV are increasingly blurring. Platforms are expanding offerings to cater to broader consumer needs and occasions to enhance stickiness. For instance, social media giant Instagram has introduced three separate video offerings over time—Reels, IGTV, and IG Live—in addition to allowing users to embed videos in posts and IG Stories. Similarly, YouTube has recently introduced YouTube Shorts to capture a large share of the SFV market.

The short-form video user base has grown 3.5 times—with massive room for further growth

In India, the SFV market has exploded over the past two years—growing 3.5 times in user base and 12 times in total time spent by all users on SFV platforms. More than 200 million Indians watched SFVs at least once in 2020, with an active user spending up to 45 minutes a day on these platforms.

The evolution of the Chinese market, where players such as Kuaishou pioneered SFV in 2012, indicates massive headroom for growth in India. More than 90% of Internet users in China are on one of the SFV platforms, spending 84 minutes on average per day on these platforms. India lags China by three to four years in terms of user penetration as well as usage. Rapidly growing Internet access with cheap and ubiquitous data, easy-to-use platforms, and a high proportion of vernacular content will aid short video scale-up in India. By 2025, three in four Internet users, or 600 million to 650 million Indians, will consume SFV, on average spending up to 55 to 60 minutes per day on SFV platforms.

The key components of the SFV ecosystem are the users, creators, and advertisers, who are interconnected via a tech-enabled digital platform. India's short video user base has historically been largely men from Tier 2 and smaller towns, but this is evolving as the media gains popularity amongst women.

TikTok became the first scale SFV platform in India, with more than 200 million users and 20 million content creators posting at least one video a month. This robust base of creators is key to attracting users. Following the 2020 TikTok ban, Indian short video platforms hustled to onboard former TikTok creators with a large fan following. India has more than 50 million users who have created and posted at least one short video. These creators are cross-platform and are increasingly monetising their follower base through brand collaborations and commerce.

The ban on TikTok led to a spurt of insurgents looking to capitalise on the opportunity. The market is now occupied by a mix of specialist SFV apps (e.g., Moj, Josh, MX TakaTak, Roposo, Zili) and global social media/video giants (e.g., Instagram Reels, Facebook Reels, YouTube Shorts). Amongst the specialist short video platforms, five platforms—the previously mentioned Moj, MX TakaTak, Josh, Roposo, and Zili—have more than a 100 million downloads each.

Besides users and creators, advertisers are key to driving economics for the platform. Brands are increasingly using short video platforms to reach their target customers. New monetisation models, such as video commerce, livestreaming, and in-app purchases, will become increasingly commonplace in the coming years. Players need to invest in developing an advanced, tech-enabled platform to link users, creators, and advertisers and deliver a seamless experience to all.

India's short video market, while at scale, is still nascent. Major players are only a little more than a year old. The market could evolve to follow one of the divergent paths of the two mature SFV markets: China and the US. The China short video market is led by specialist platforms, while in the US, social-media-led platforms (led by Instagram Reels) and specialist short video platforms (led by TikTok) co-exist.

This is not necessarily a 'winner takes all' market. Market leaders will have to focus on three areas to develop a large, engaged community of users and creators. First and foremost, they will have to make substantial investments in technology to deliver a hyper-personalised experience to users, optimise user interface (through faster app and video load time, etc.), and expand access via vernacular interfaces. Winners will simultaneously focus on creator enablement and lock-in on one

side, and development of scalable monetisation engines on the other. Successful players will need access to large amounts of capital to achieve these goals and deliver on their potential.

Five major trends will shape the future SFV market in India: tech-enabled hyper-personalisation and social-led engagement; a monetisation boom; innovations to onboard the next wave of users; emergence of a robust creator ecosystem; and birth of niche platforms within short video ecosystems.

Long-form Video will capture the imagination—and screens—of three out of four Internet users by 2025

LFV has substantial scale—viewed by 350 million to 400 million users, almost twice as penetrated as SFV. The format has seen substantial growth, with users and usage increasing nearly 1.5 times from 2018 to 2020. Active users today spend more than 2.5 hours per day on long-form content. Covid-19 lockdowns and stay-at-home advisories during the pandemic further propelled these numbers.

LFV is poised to grow to 600 million to 650 million users in India by 2025. This growth will be driven by a steady increase in the Internet user base; access to cheaper, faster data; the introduction of more affordable plans, including the advent of freemium models; and a proliferation of content. A strong push on regional and vernacular content will accelerate this even further—85% of content viewed is non-English, and 30% is in languages other than English or Hindi.

The LFV market is significantly more mature and crowded than the SFV market. More than 50 LFV platforms (also referred to as 'over-the-top' [OTT] platforms) exist in India. This crowded landscape includes four broad archetypes: global giants, platforms by television broadcasters, specialist Indian platforms, and aggregators.

YouTube has always been the juggernaut in the LFV space, but other players are growing at a fast clip. For instance, paid subscription-based platforms, such as Netflix, Amazon Prime Video, and Disney+ Hotstar, saw a sharp uptick in users last year, especially during the first lockdown in March through June 2020. Sports content has helped players such as Disney+ Hotstar expand their user base significantly, with the platform seeing a 50% increase in monthly active users during the Indian Premier League in 2020. Content drives differentiation, and it is possible for multiple platforms to co-exist in steady state, as seen in developed markets.

Players have opted for different monetisation models that reflect the platform's core consumer in the income pyramid: subscription video on demand (SVOD), freemium, ads video on demand (AVOD), and transactional video on demand (TVOD).

SVOD players, such as Netflix and Amazon Prime Video, provide customers unlimited, ad-free access to content in lieu of a periodic subscription fee. They have historically targeted high-income and upper-middle-income households, offering a premium viewing experience, a very wide content library, and best-in-class recommendations. Even amongst SVOD players, Netflix commands a significant premium compared with its peers, charging more than $125 per year vs. about $13 per year for Amazon Prime Video for its top offering. However, Netflix has introduced cheaper mobile-only subscription plans in India, at about $30 per year, to further expand its target customer base.

Freemium players target high-income and middle-income households through a two-planked strategy. Some content is available for free (e.g., select episodes of a popular show) but with advertisements. However, these players also offer premium content behind the paywall, where consumers can access ad-free content. The freemium model is most often used by television broadcaster platforms, such as Disney+ Hotstar, SonyLIV, and ZEE5. This allows them to straddle across the income strata. For example, Disney+ Hotstar offers some content for free, but most exclusive content, such as Marvel movies and Indian Premier League cricket, is available only to those subscribing to paid plans.

AVOD platforms, such as YouTube and MX Player, target consumers across the income pyramid, as they offer free content access and monetise primarily through advertisements. YouTube also has a paid subscription model, which offers an ad-free viewing experience with access to exclusive content. Finally, TVOD players, such as Hungama and ZEEPlex, allow consumers to purchase specific content on a pay-per-view basis.

Six major trends will shape the future of the LFV market in India: an out-and-out explosion of content, including original, regional, and niche material; value chain integration, with OTT players foraying into content production; tech-enabled personalisation and recommendation algorithm sophistication; a push for monetisation; user engagement via social features; and tighter scrutiny and content moderation.
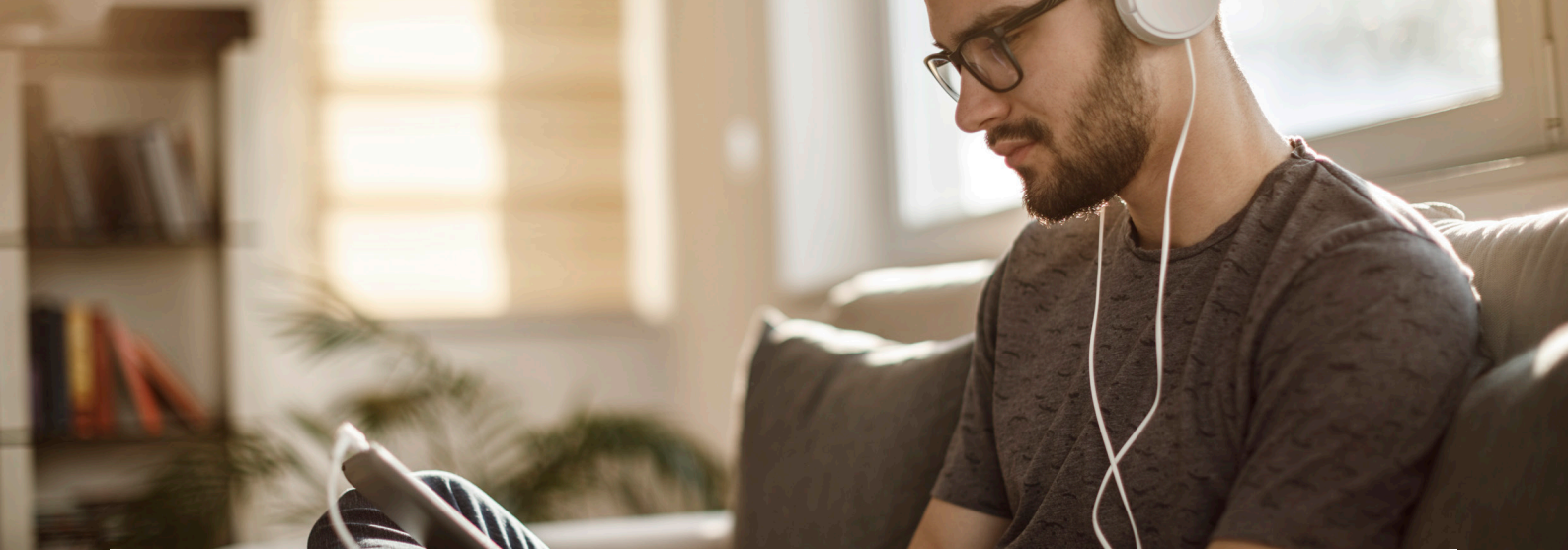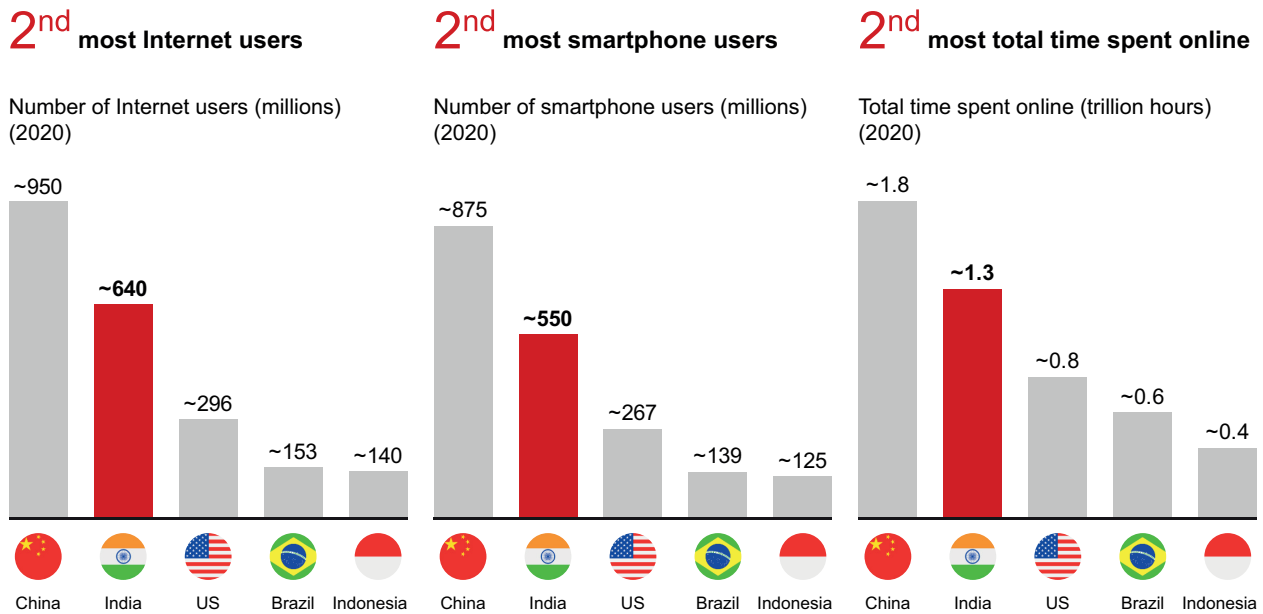
Digital entertainment and videos in India

▶ India has a large digital community, with about 640 million Internet users and 550 million smartphone users spending approximately 1.3 trillion hours online, which is second only to China. Smartphone users spend about 4.8 hours on their devices daily, of which 1 hour on average is spent consuming videos.

▶ Online video consumption has skyrocketed. India's online video user base has scaled to more than 350 million people, growing 24% over 2018 to 2020, nearly twice as fast as markets such as China and Indonesia. Usage per active user has also grown dramatically—daily time spent per active user on online videos has simultaneously grown by 60% to 70% over 2018 to 2020.

▶ Despite this fast growth, there exists massive headroom in penetration and usage. Nearly 60% of India's Internet users consume videos online vs. more than 90% in China.

▶ Online videos can be characterised into two broad categories: SFV, which are anywhere between 15 seconds and 2 minutes long, and LFV, which are more than 2 minutes long. SFV user penetration in India is lower than LFV, with 200 million users consuming short videos vs. 350 million to 400 million LFV users.

▶ SFV and LFV segments are being targeted by a mix of global giants (Instagram, YouTube, Netflix) as well as local, specialist platforms. Local specialists in SFV (Moj by ShareChat, MX TakaTak by The Times Group) and LFV players (ZEE5, MX Player) are expanding access through vernacular, regional content.

▶ Within SFV and LFV segments, content can further be segregated based on who is creating it (user generated vs. professional) and how it is delivered (pre-recorded vs. livestreaming). The lines across these segments are increasingly blurring as platforms expand their offerings to capture a greater share of consumer time. For example, Instagram now has Reels, IGTV, and IG Live; YouTube has recently introduced YouTube Shorts in India.

Figure 1: India has a scale digital community, with nearly 640 million Internet users and 550 million smartphone users spending 1.3 trillion hours online!

2nd most Internet users

Number of Internet users (millions)
(2020)

~950

~640

~296

~153   ~140

China   India   US   Brazil   Indonesia

2nd most smartphone users

Number of smartphone users (millions)
(2020)

~875

~550

~267

~139   ~125

China   India   US   Brazil   Indonesia

2nd most total time spent online

Total time spent online (trillion hours)
(2020)

~1.8

~1.3

~0.8

~0.6   ~0.4

China   India   US   Brazil   Indonesia

Notes: Internet users: individuals using the Internet via any device at least once per month; smartphone users: individuals who own and use at least one smart phone once a month; time spent on the Internet includes access across all devices
Sources: Forrester Analytics; eMarketer; China Internet Network Information Center; *Digital 2021*, We Are Social and Hootsuite; Bain analysis

Figure 2: Majority of time spent on smartphones is on entertainment, primarily watching videos

<u>**Smartphone users**</u>**: ~55% of time spent online on entertainment, of which videos constitute 35%–40%**

Time spent per day on smartphones (per smartphone user)
(hours)

~4.8   ~2.7

Dating
Music
Gaming
Social messaging/
chat

Other[1]

Transactions[2]

Calling

Social networking

Entertainment/
social

Videos

Smartphone   Entertainment
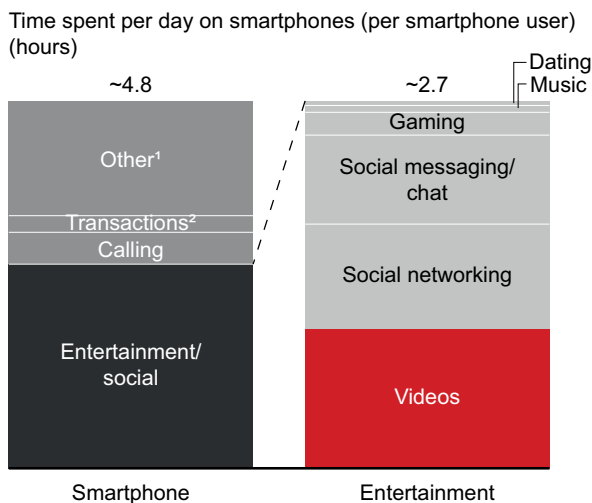
<u>**Online video users**</u>**: Time spent per day watching videos has increased by 60%–70% over 2018–20**

Time spent[3] per day on online videos (per daily active online video user) (minutes)

1.6–1.7x

165–175

135–145

105–115

2018   2019   2020
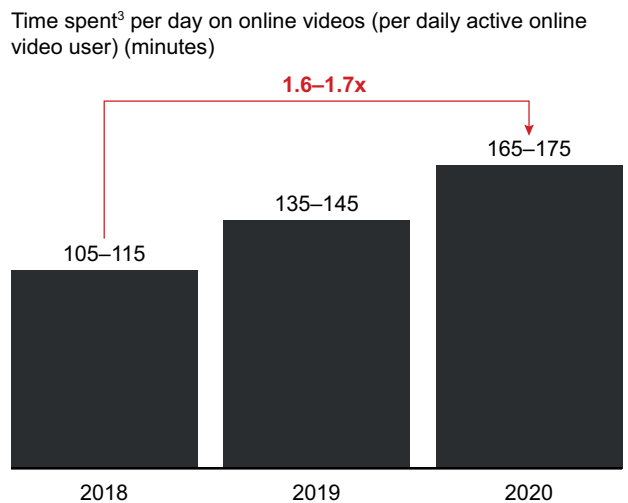
Notes: 1) Other includes news, education, health/fitness, finance/investment, office work, browsing Internet, etc.; 2) Transactions include products and services; 3) Time spent on videos for each daily active user for the active days, includes viewing via mobiles, desktops/laptops, connected devices
Sources: App Annie; Similarweb; *The Indian Telecom Services Performance Indicator Report*, Telecom Regulatory Authority of India; *2021 Nokia MBiT Index*; eMarketer; industry participant interviews; Bain analysis

Figure 3: Online video usage in India has exploded: 350M+ online video users, 2x growth of next-fastest growing video markets, with massive penetration headroom

Online video user penetration in India is catching up with global counterparts; it's lower, at 59%, but growing fastest (24% per annum)

Online video user penetration (2020)

350M+

Online video users in India in 2020

	India	Japan	Indonesia	Brazil	Mexico	S. Korea	UK	US	China
Percentage of internet users	59%	67%	69%	74%	76%	78%	79%	83%	92%
Online video users (CAGR 2018–20)	24%	2%	12%	3%	5%	2%	4%	3%	12%

■ Percentage of internet users — Percentage of total population

Note: Online video users: Internet users of any age who watch streaming or downloaded video content via any device at least once per month
Sources: *Forrester Analytics: Online Population Forecast, 2019 to 2024 (Global)*; eMarketer; China Internet Network Information Center; industry participant interviews; Bain analysis

Figure 4: Online videos can broadly be characterised as short-form videos or long-form videos

Short-form videos
Duration: Less than 2 minutes[1]

200M+ users

Long-form videos
Duration: More than 2 minutes

350M+ users

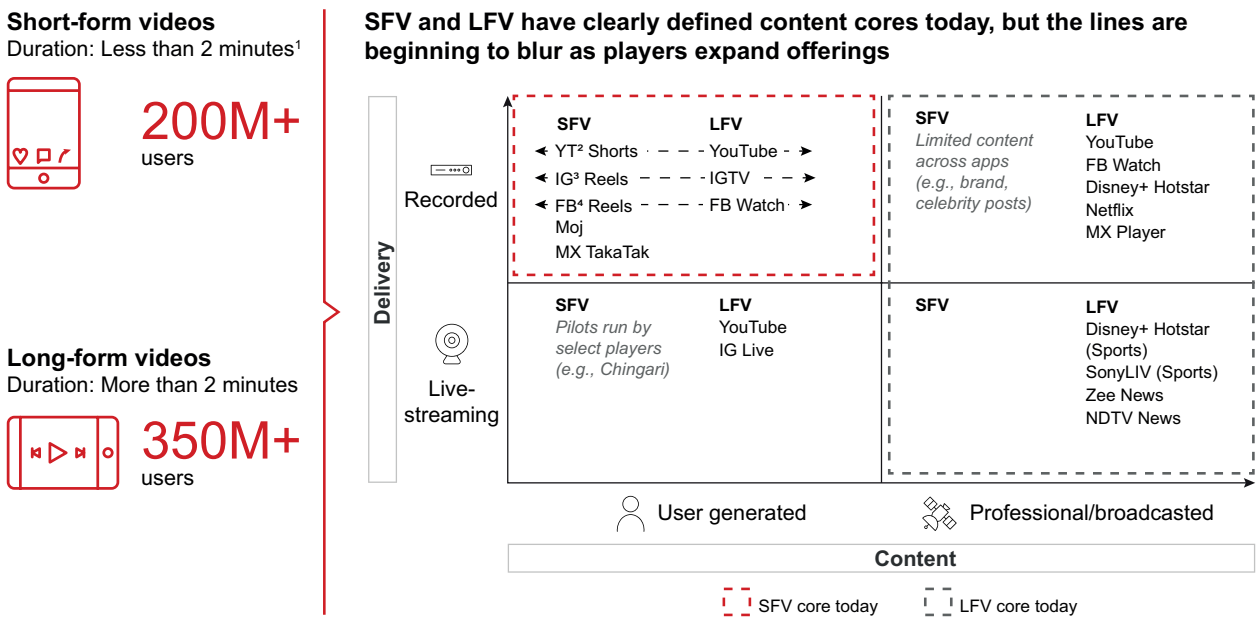**SFV and LFV have clearly defined content cores today, but the lines are beginning to blur as players expand offerings**

Delivery

Recorded

SFV	LFV
◄ YT[2] Shorts	YouTube ►
◄ IG[3] Reels	IGTV ►
◄ FB[4] Reels	FB Watch ►
Moj	
MX TakaTak	

SFV	LFV
Limited content across apps (e.g., brand, celebrity posts)	YouTube
	FB Watch
	Disney+ Hotstar
	Netflix
	MX Player

Live-streaming

SFV	LFV
Pilots run by select players (e.g., Chingari)	YouTube
	IG Live

SFV	LFV
	Disney+ Hotstar (Sports)
	SonyLIV (Sports)
	Zee News
	NDTV News

👤 User generated   📡 Professional/broadcasted

Content

⌐ ¬ SFV core today   ⌐ ¬ LFV core today

Notes: 1) SFV are typically <2 minutes in duration, streamed on a dedicated platform interface (in portrait orientation intended for continuous watching);
2) YT: YouTube; 3) IG: Instagram; 4) FB: Facebook
Sources: Similarweb; industry participant interviews; Bain analysis
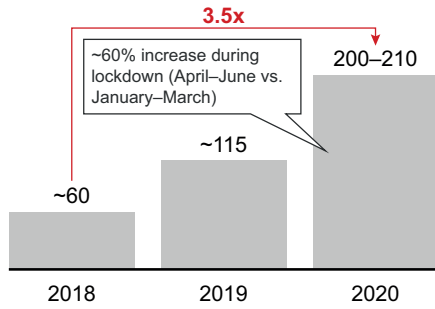
Short-form videos in India:
An overview

▶ China paved the path for the SFV market globally over the past decade. SFV consumption has since become pervasive in China—more than 90% of Internet users in China are on one of the SFV platforms, spending on average 84 minutes per day on them.

▶ The SFV market has exploded over the past two years in India too—more than 200 million Indians watched SFVs at least once in 2020, with daily active users spending up to 45 minutes a day on these platforms.

▶ However, there is plenty of room for growth, with India lagging China by three to four years in terms of user penetration. By 2025, 600 million to 650 million Indians will consume SFVs. Rapidly growing Internet access with cheap data, easy-to-use platforms, and a high proportion of vernacular content will aid short video scale-up.

▶ India's short video user base has been largely men from Tier 2 and smaller towns, but this is evolving quickly, with the medium gaining traction in metros and amongst women.

▶ TikTok was the first large SFV platform in India, with over 200 million users and 20 million content creators posting at least one video a month. The government ban on TikTok in 2020 led to an explosion of Indian upstarts targeting the opportunity. The market is now occupied by a mix of specialist SFV apps and global social media/video giants. Amongst specialist SFV platforms, five players—Moj, MX TakaTak, Josh, Roposo, and Zili—have more than 100 million downloads each.

▶ Creators and advertisers are also key to the success of the platform. India today has more than 15 million users who create and post at least one SFV in a month. This is giving rise to a robust creator economy—an enabling ecosystem of players helping creators with content creation, monetisation, financing, and business management.

Figure 5: SFV market is booming (3.5x growth in user base, 12x growth in total time spent over 2018–20) and has massive growth headroom

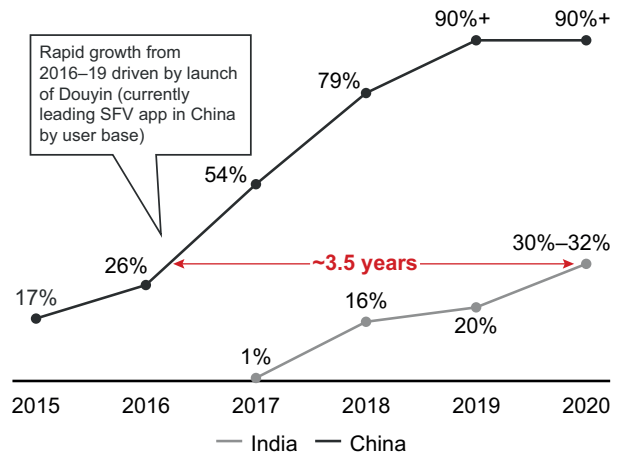**3.5x growth in SFV user base, 12x growth in total time spent on SFV over 2018–20**

SFV user base[1] in India (millions)

India has massive penetration headroom and currently trails China by nearly 3.5 years

SFV user base (as percentage of Internet users)

Time spent per active user[2] per day (minutes)	20–25	30–35	40–45
Total time spent (billion hours)	1	6	12[3]

Notes: 1) SFV user base includes all individuals who used an SFV application at least once during the year (based on TikTok user base historically); 2) Time spent for each daily active user for the active days; 3) Total time spent for 2020 based on June 2020 run rate for TikTok
Sources: iResearch; App Annie; QuestMobile; Similarweb; China Internet Network Information Center; *Forrester Analytics: Online Population Forecast, 2019 to 2024 (Global);* eMarketer; industry participant interviews; Bain analysis

Figure 6: SFV usage is pervasive in China: 90%–95% of Internet users consume SFV, spending ~84 minutes per day on SFV platforms on average

SFV growth has matured from user-led growth (2x growth over 2017–19) to usage-led growth (1.3x growth in time spent/user over 2019–20)

SFV user base in China (millions)

~95 minutes

Time spent per active user per day (December 2020) on each of the leading platforms (Douyin and Kuaishou)
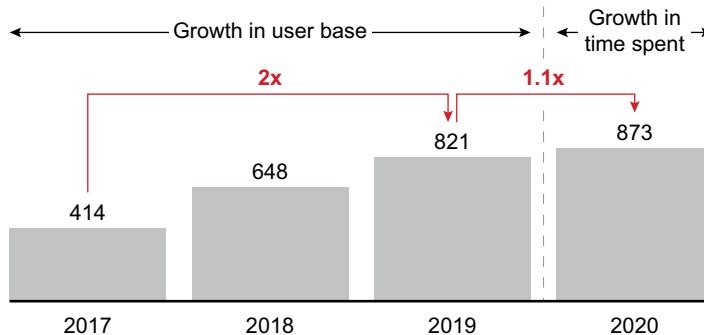
Time spent per active user[1] per day (minutes)	52	59	67	84
Total time spent (billion hours)	45	126	202	323

Note: 1) Time spent for each daily active user for the active days
Sources: QuestMobile; iResearch; eMarketer; *The 47th Statistical Report on China's Internet Development*, CNNIC; analyst reports; industry participant interviews; Bain analysis

Figure 7: India SFV market is poised for hyper-growth: 3 in 4 Internet users will watch SFV by 2025

India well poised for rapid SFV growth

Growing online population

~1B Indian Internet users by 2030, with more than 75% of the population consisting of Millennials and Gen Z, who are primary SFV users

Faster, ubiquitous data

~95% increase in mobile Internet speed[1], along with cheap, ubiquitous data, primarily accessed through mobile phones

Ease of access and use

~50% less data consumed via advanced video compression[2], with easy-to-use short-video user interface/user experience (UI/UX) (auto-play, one-touch scroll, built-in creation tools)

Increasing vernacular content

15+ languages offered by Indian SFV platforms to target vernacular (non-English speaking), underpenetrated Internet user base

600M–650M SFV users expected by 2025

SFV user base in India (millions)

3–3.2x

	2020	2025
	200–210	600–650
Percentage of Internet users	30%–32%	70%–75%
Time spent per active user[3] per day (minutes)	40–45	55–60
Total time spent (billion hours)	12[4]	80–90

Notes: 1) 2018 avg. to June 2021; 2) Advancement in video compression technology from H.265 to AV1; 3) Time spent for each daily active user for the active days; 4) Total time spent for 2020 based on June 2020 annual run rate (pre-TikTok ban)
Sources: Similarweb; Forrester; *Future of Consumption in Fast-Growth Consumer Markets: India*, Bain & Company and World Economic Forum; Speedtest Global Index, Ookla, 2021; industry participant interviews; Bain analysis
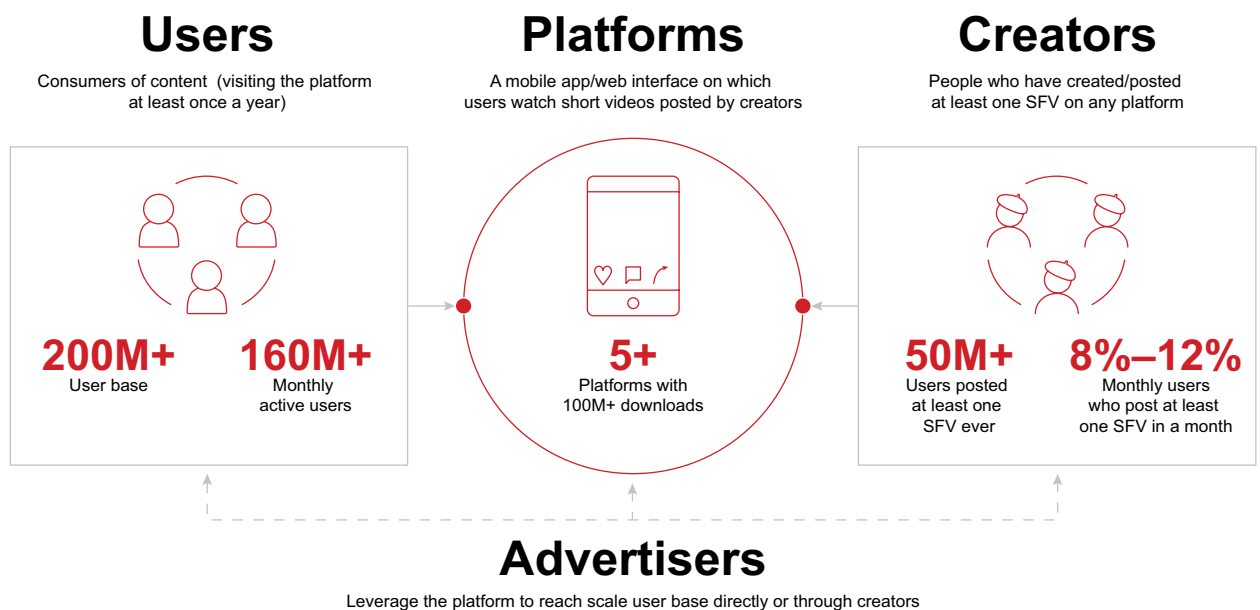
Figure 8: SFV ecosystem is a three-sided network of users, creators, and advertisers, powered by a technology platform

Users

Consumers of content (visiting the platform at least once a year)

Platforms

A mobile app/web interface on which users watch short videos posted by creators

Creators

People who have created/posted at least one SFV on any platform

200M+ User base

160M+ Monthly active users

5+ Platforms with 100M+ downloads

50M+ Users posted at least one SFV ever

8%–12% Monthly users who post at least one SFV in a month

Advertisers

Leverage the platform to reach scale user base directly or through creators

Note: All figures are for the year 2020
Sources: Similarweb; industry participant interviews; Bain analysis

Figure 9: SFV core users are mostly young, men, and from Tier 2 cities/smaller towns

Users / Platforms / Creators /

Age

>35 years (10%–15%)
25–35 years (20%–25%)
<25 years (60%–65%)

Gender

Women (25%–30%)
Men (70%–75%)

Location

Metro/Tier 1 cities (20%–30%)
Tier 2 cities/smaller towns (70%–80%)
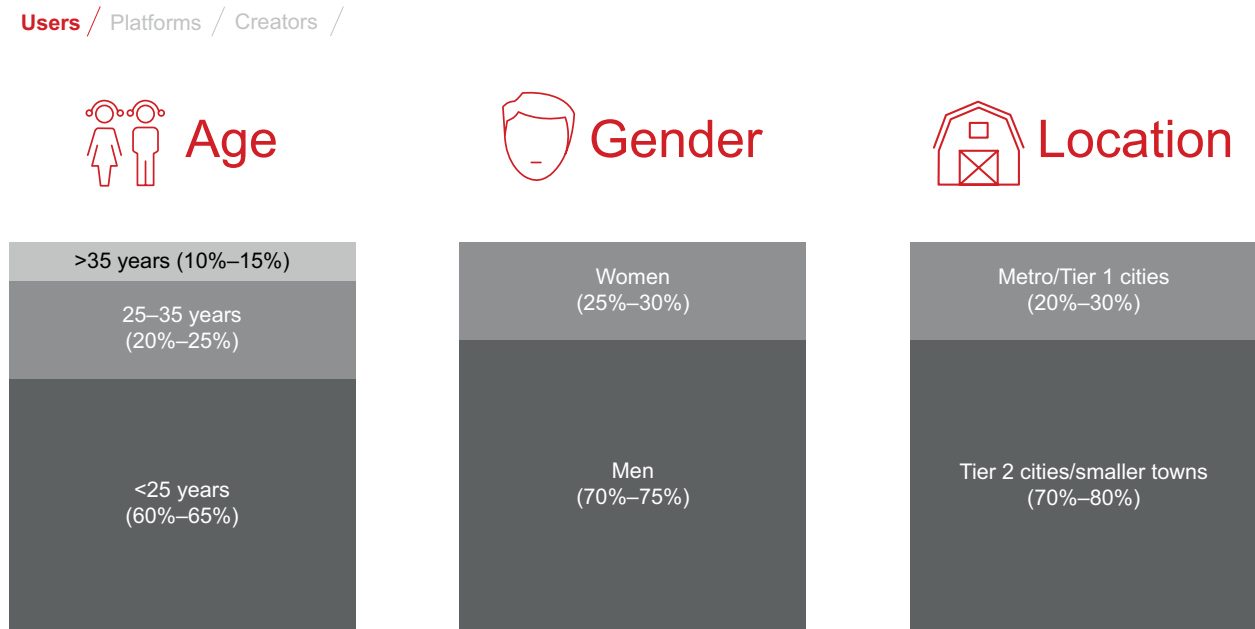
Note: Metro/Tier 1 covers top ~50 cities in India with population >1 million; the rest of India is classified as Tier 2 cities/smaller towns
Sources: Industry participant interviews; Bain analysis

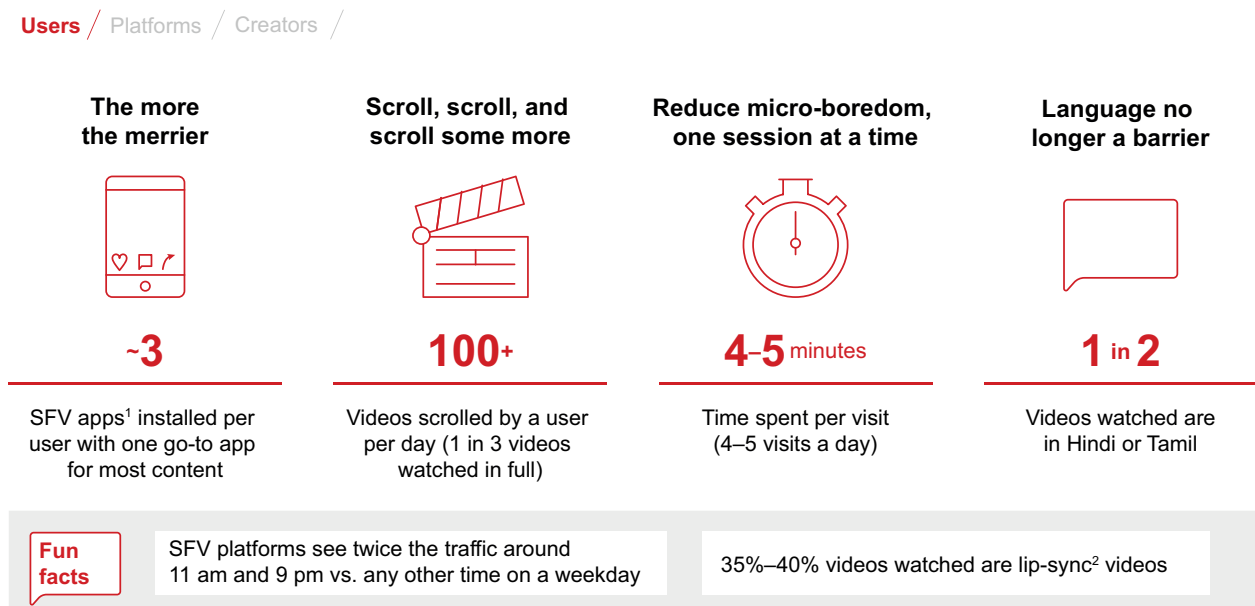**Figure 10:** SFV viewing is typically in short, intense bursts with a high share of vernacular content

Users / Platforms / Creators /

The more the merrier	Scroll, scroll, and scroll some more	Reduce micro-boredom, one session at a time	Language no longer a barrier
~3	**100+**	**4–5** minutes	**1** in **2**
SFV apps[1] installed per user with one go-to app for most content	Videos scrolled by a user per day (1 in 3 videos watched in full)	Time spent per visit (4–5 visits a day)	Videos watched are in Hindi or Tamil

Fun facts	SFV platforms see twice the traffic around 11 am and 9 pm vs. any other time on a weekday	35%–40% videos watched are lip-sync[2] videos

Notes: 1) Considered apps with short videos as a core capability (e.g., Moj, Mx TakaTak, Josh, Instagram, etc.; excluding Facebook and YouTube); 2) Lip-sync videos are where people act to the lyrics of the music or dialogue in the background sound
Sources: Industry participant interviews; Bain analysis

Figure 11: TikTok was the first large SFV platform in India, but it is currently banned

200M+

Monthly active user base
during the peak of its
popularity (June 2020),
prior to the ban

20M+

Active content creators[1] on
the platform (June 2020)
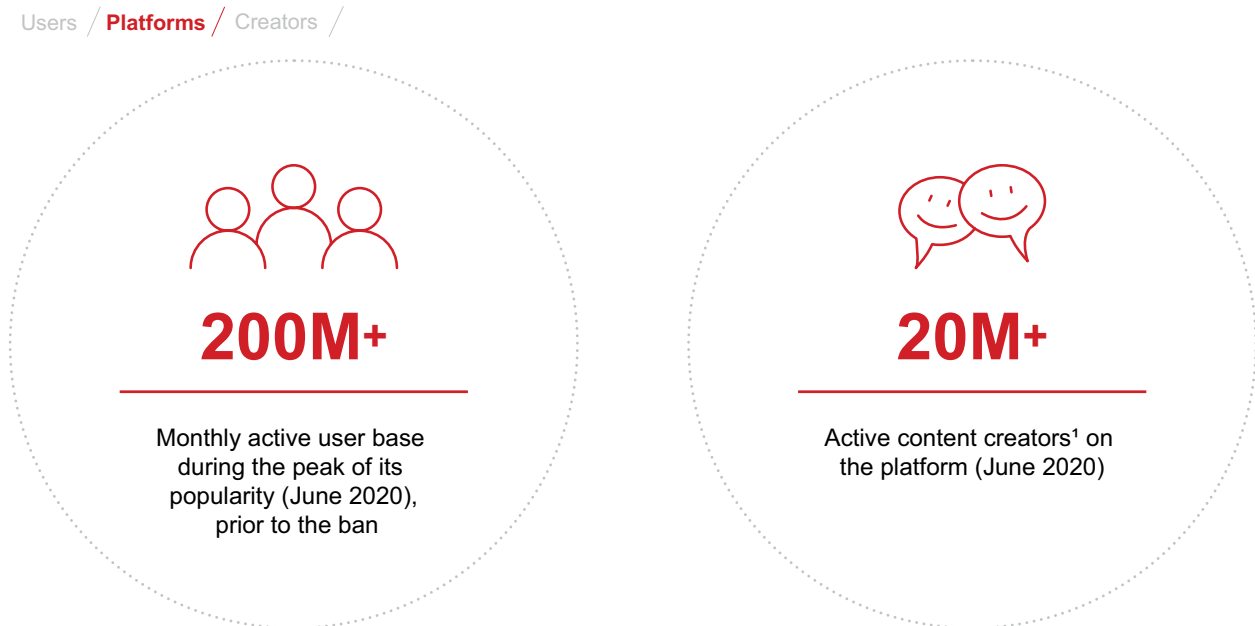
Note: 1) Creators who posted at least one video in a month
Sources: Similarweb; industry participant interviews

Figure 12: Today, multiple global and local platforms constitute India's SFV market

Users / **Platforms** / Creators /

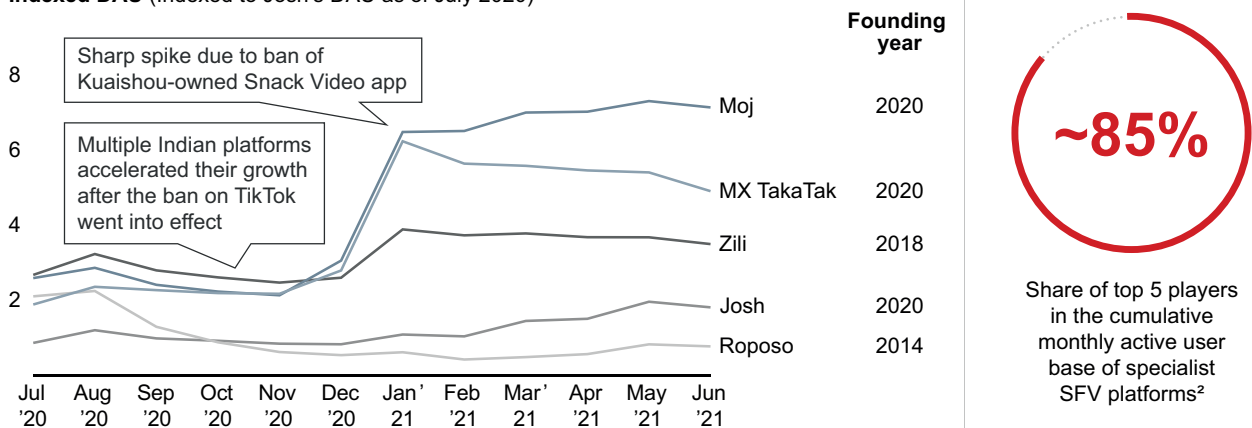| Archetype	Sub-archetype		Description	Illustrative list
Specialist SFV platforms		**SFV part of a larger ecosystem**	Standalone SFV apps owned by parent companies with multiple apps—SFV one of the core offerings	• Moj (ShareChat) • Josh (Dailyhunt) • MX TakaTak (Times Group) • Roposo (Glance) • Zili (Xiaomi)
		Local standalone players	Pure-play SFV players—not a part of a bigger ecosystem yet	• Mitron • Trell • Chingari
SFV content within non-SFV platforms		**Social media giants**	Established social media giants with an embedded SFV offering	• Instagram Reels • Facebook Reels • Snapchat Spotlight
		LFV players with SFV offering	Long-form video players diversifying into SFV content	• YouTube Shorts

Source: Bain analysis

Figure 13: Top 5 players led by Moj (ShareChat) account for ~85% of the combined monthly active user base of specialist SFV platforms

Users / **Platforms** / Creators /

Social ecosystems (Instagram Reels) and LFV players (YouTube Shorts) also have SFV offerings that have scaled rapidly and are amongst the largest ones in India. We have focused on specialist SFV platforms for our analysis

Moj has the highest DAU[1] amongst specialist SFV players

Indexed DAU (Indexed to Josh's DAU as of July 2020)

	Founding year
Moj	2020
MX TakaTak	2020
Zili	2018
Josh	2020
Roposo	2014

Sharp spike due to ban of Kuaishou-owned Snack Video app

Multiple Indian platforms accelerated their growth after the ban on TikTok went into effect

~85%

Share of top 5 players in the cumulative monthly active user base of specialist SFV platforms[2]

Note: 1) DAU: daily active users; 2) Top 3 players claim to have over 100 million monthly active users each as of June 2021
Sources: App Annie; Similarweb; industry participant interviews; Bain analysis

Figure 14: Top SFV platforms have a large, engaged user base and are well funded

Users / **Platforms** / Creators /

	Funding raised[2] ($M)	Key investors	Scale[1]		Engagement[1]			
			# of downloads	# of creators	DAU/ MAU[3] ratio	Avg daily usage (mins)	30-day retention rate	# sessions per user per day
Moj (ShareChat)	1,203	Tencent, Twitter, Tiger, Temasek, Snap	150M+	10M–15M	30%–35%	17	11%	4.2
MX TakaTak (MX Player)	110[4]	Tencent, Times Group	200M+	9M–12M	25%–30%	17	9%	4.8
Josh (Dailyhunt)	989	Google, Carlyle, Microsoft	150M+	5M–7M	20%–25%	8	5%	2.9
Roposo (Glance)	233	Google, Mithril, InMobi	100M+	1.5M–2.5M	20%–25%	10	7%	4.0
Zili (Xiaomi)	NA	Xiaomi	100M+	NA	40%–45%	22	17%	4.3

Captive app, pre-burned on Xiaomi smartphones

Notes: 1) As of June 2021; 2) Includes funding raised at parent company level as well and only covers funding rounds announced publicly; 3) MAU: monthly active users; 4) Does not include direct funding from The Times Group
Sources: App Annie; Sensor Tower; Kalagato; Tracxn; industry participant interviews
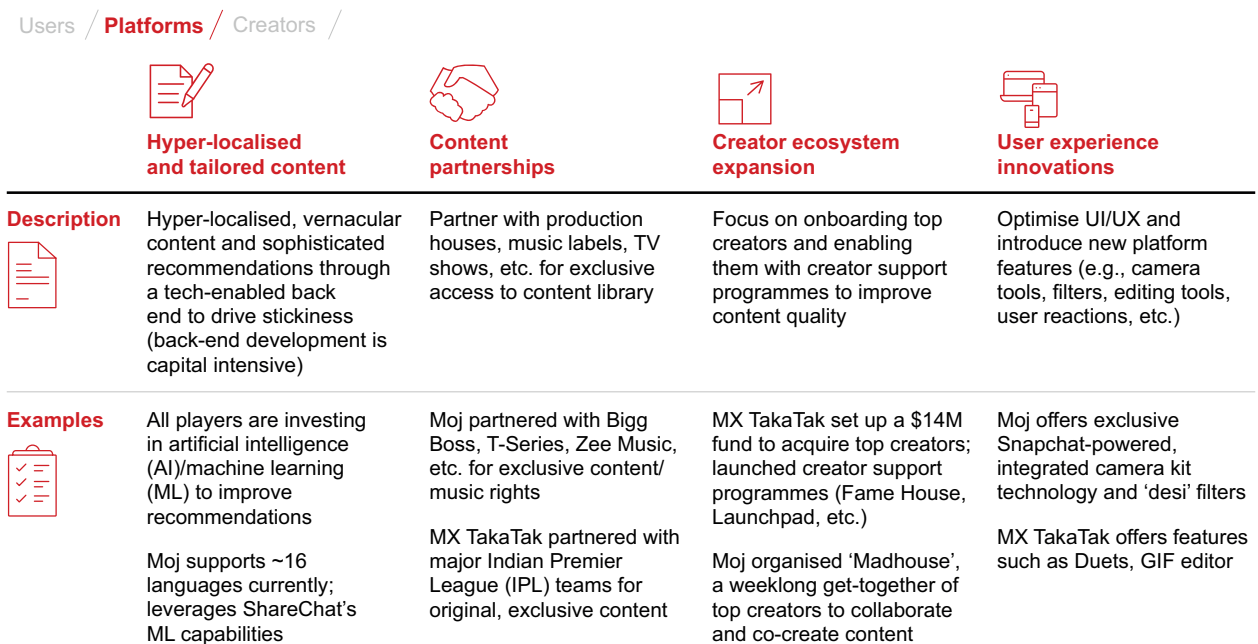
Figure 15: Top SFV platforms have used creative approaches, such as hashtag challenges, to drive viewership and engagement

Users / **Platforms** / Creators /

Talent hunt campaigns	Brand campaigns	Social campaigns
#MojSuperstarHunt	**#PepsiSwagStepChallenge**	**#IAmABlueWarrior**
30B+ views	10B+ views	3B+ views
(Moj, 15 July 2021–17 Sep 2021)	(MX TakaTak, 16 July 2021–25 July 2021)	(Josh, 5 June 2021–18 June 2021)
Talent hunt with acting, dancing, beauty, etc., as subcategories with up to INR 1 million prize money	Dance challenge with a Pepsi bottle as a prop to win a hamper and a badge prior to the ban	Campaign to raise awareness and funds to fight Covid; funds were donated by Josh to PM Cares Fund

Note: Views as of 31 August 2021
Sources: Industry participant interviews; Bain analysis

Figure 16: Indian SFV players are differentiating on multiple fronts to drive scale and engagement
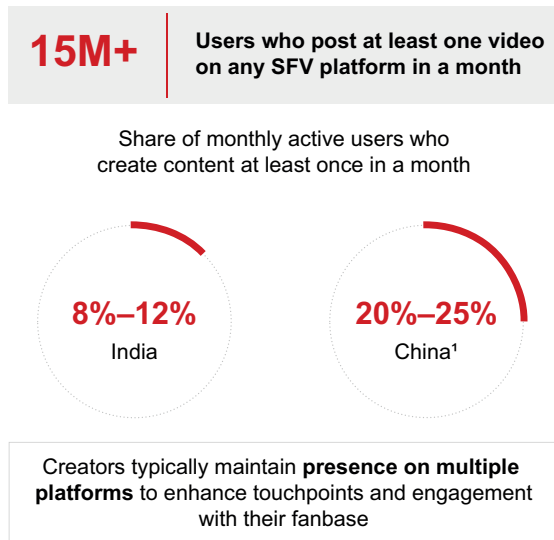
Users / **Platforms** / Creators /

	Hyper-localised and tailored content	Content partnerships	Creator ecosystem expansion	User experience innovations
Description	Hyper-localised, vernacular content and sophisticated recommendations through a tech-enabled back end to drive stickiness (back-end development is capital intensive)	Partner with production houses, music labels, TV shows, etc. for exclusive access to content library	Focus on onboarding top creators and enabling them with creator support programmes to improve content quality	Optimise UI/UX and introduce new platform features (e.g., camera tools, filters, editing tools, user reactions, etc.)
Examples	All players are investing in artificial intelligence (AI)/machine learning (ML) to improve recommendations Moj supports ~16 languages currently; leverages ShareChat's ML capabilities	Moj partnered with Bigg Boss, T-Series, Zee Music, etc. for exclusive content/music rights MX TakaTak partnered with major Indian Premier League (IPL) teams for original, exclusive content	MX TakaTak set up a $14M fund to acquire top creators; launched creator support programmes (Fame House, Launchpad, etc.) Moj organised 'Madhouse', a weeklong get-together of top creators to collaborate and co-create content	Moj offers exclusive Snapchat-powered, integrated camera kit technology and 'desi' filters MX TakaTak offers features such as Duets, GIF editor

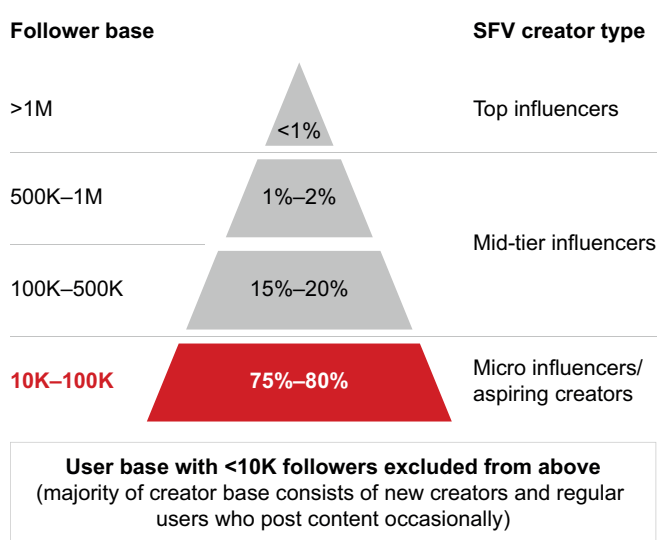Source: Industry participant interviews; Bain analysis

Figure 17: SFV explosion has led to the emergence of a new wave of SFV creators with communities of followers across multiple platforms

Users / Platforms / **Creators** /

Creator base for SFV is scaling in India …

15M+ | **Users who post at least one video on any SFV platform in a month**

Share of monthly active users who create content at least once in a month

8%–12%
India

20%–25%
China¹

Creators typically maintain **presence on multiple platforms** to enhance touchpoints and engagement with their fanbase

… with access to a unique and often large follower base

Follower base		SFV creator type
>1M	<1%	Top influencers
500K–1M	1%–2%	Mid-tier influencers
100K–500K	15%–20%	
10K–100K	**75%–80%**	Micro influencers/ aspiring creators

User base with <10K followers excluded from above
(majority of creator base consists of new creators and regular users who post content occasionally)

Note: 1) Based on leading SFV platforms in China (Douyin and Kuaishou)
Sources: iResearch; industry participant interviews; Bain analysis

Figure 18: SFV have democratised content creation and enabled creators to monetise their follower base through brand collaborations and commerce

Users / Platforms / **Creators** /

Divya & PJ
Couple creators in their mid-20s, with separate accounts on Moj, working full time to create romantic, funny, emotional videos

● **Pre-November 2018**
PJ: Owner of a mini-production house, created videos on YouTube; Divya: Choreographer at a school

● **November 2018–May 2019**
Started on TikTok, first video created together amassed 4M+ likes, 1M+ followers

● **November 2019–December 2019**
Divya left her job after hitting 5M+ followers; **first brand collaboration** (OLX) for a short-video promotion

● **June 2020–September 2020**
Scaled follower base to 10M; joined Moj exclusively post TikTok ban and reached 1M+ followers in three months

● **January 2021 onwards**
5M+ followers in January 2021, **7M+ in April 2021**

7M+ Individual follower base (Moj)

100+ Combined brand partnerships

*'After TikTok's ban, **Moj helped us regain our follower base**. We got huge support from our viewers on the app.*

*We ideate and create content on our own and **use a media agency for brand collaborations**.*

*We never imagined a weekend activity could turn into a **full-time, well-paying profession**.'*

Divya and PJ

Simran Jain
24-year-old creator on Instagram, posting Reels on lifestyle, women's hygiene, and sexual health

● **Pre-July 2020**
Fashion/travel blogger, started on TikTok in March 2020, 370K+ followers before the ban

● **July 2020–September 2020**
Started creating **Reels on Instagram**, with 80K+ followers, introduced content on women's hygiene and sexual health, follower base increased ~4x to 300K in two months

● **November 2020–April 2021**
First brand collaboration (SweetTruth) for SFV in November 2020; **scaled presence on Josh** to 125K+ followers

● **June 2021 onwards**
One Reel garnered **17M+ views**; gained 200K+ additional followers on Instagram in two months

600K+ Follower base (Instagram)

15+ Brand partnerships

*'I pivoted from IGTV to Reels at a time when I realised the growth potential in short-form videos. The audience demands frequent content, and I post at least one video every day. I don't have a team, I just **use editing tools such as InShot for content creation**.*

*Going forward, **I want to build my own brand using the Instagram Shop feature**.'*

Simran Jain

Source: Creator interviews

Figure 19: Creator explosion has led to the emergence of an enabling ecosystem for creators—a robust 'creator economy' likely in the coming years

Users / Platforms / **Creators** /

Training/skill development
Skills, tips, and strategic support for creators to start up and grow

- **Graphy Select:** Accelerator programme facilitating mentorship and seed funding
- **Nas Academy:** Courses to equip them with creation skills

Off-platform monetisation
Empower via community and fan-funded channels

- **Patreon:** Subscription-based model for creators to provide exclusive content and build connections with fans
- **TagMango:** Fan-funded platform for engagement/shout-outs

Content creation
Creative, technical guidance and creation platform

- **Kajabi/Podia:** Knowledge platform for course creation
- **Pocket Aces:** Support for content ideation and execution

Creators

Financing
Access to funds and credit for working capital

- **Karat Financial:** Credit cards (basis scale—followers, revenue)
- **Creative Juice:** Funding pooled from creator network

Platform and brand affiliations
Intermediaries between creators, platforms, and brands

- **Monk Entertainment and MN2S:** Agencies managing relationships between creators/influencers and brands, platforms

Business management
CRM¹ tools, performance insights, and operations support

- **Protonn:** Tools for marketing, managing business/clients
- **Hootsuite and Moe Assist:** Channel management, admin tools, access to real-time data on rankings, engagement, etc.

> **Multi-channel networks (MCNs)** are emerging, which are integrated organisations that help creators with most of above, especially with content creation and platforms/brand affiliations (through connections, contract management).

Note: 1) CRM: customer relationship management; player examples include both Indian as well as global players
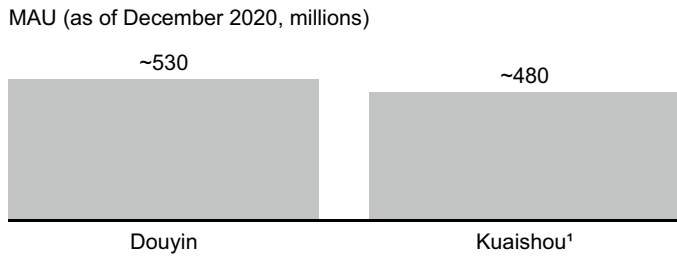Sources: Industry participant interviews; Bain analysis

Short-form videos: Future trends and winning sauce

▶ India's short-form video market is nascent and offers tremendous potential. Successful players will focus on three areas as they onboard the next wave of users and drive engagement: tech-enabled hyper-personalisation, creator enablement and lock-in, and monetisation. This will require access to large amounts of capital.

▶ Five major trends will shape the future of the SFV market in India:

  ▶ **Content curation and social-led engagement:** Leading players will invest in building a robust recommendation algorithm (powered by AI and ML), superior user interface, and user experience (through faster app, video load time, continuous auto play, etc.). Platforms will introduce social features to drive engagement (e.g., via emoticons, interactive features) and virality (e.g., via hashtag challenges).

  ▶ **Monetisation:** Digital advertising will be the first frontier, but platforms will increasingly experiment with alternate commerce and micro-transactions (e.g., virtual tipping). This may entail a new wave of partnerships with commerce players. For instance, Kuaishou has partnered with Taobao, JD.com, and Pinduoduo in China as it has scaled video commerce.

  ▶ **Innovations to onboard the next wave of users:** SFV platforms are already available in more than 15 languages in India, but a continued explosion of vernacular options is evident. Platforms will also innovate with lite applications (e.g., Moj Lite, Instagram Lite) to increase access.

  ▶ **Emergence of a robust creator ecosystem:** A robust creator economy will emerge. This enabling ecosystem will help creators with content creation tools, training, brand affiliations, financing, and business management. In China, more than 20,000 multichannel networks are providing end-to-end services to support key opinion leaders (KOLs).

  ▶ **Niche platforms within larger SFV ecosystems:** Platform players will emerge, housing a suite of apps which cater to distinct user and content niches.

Figure 20: The SFV player landscape has evolved disparately across geographies—the India landscape could follow one of these paths
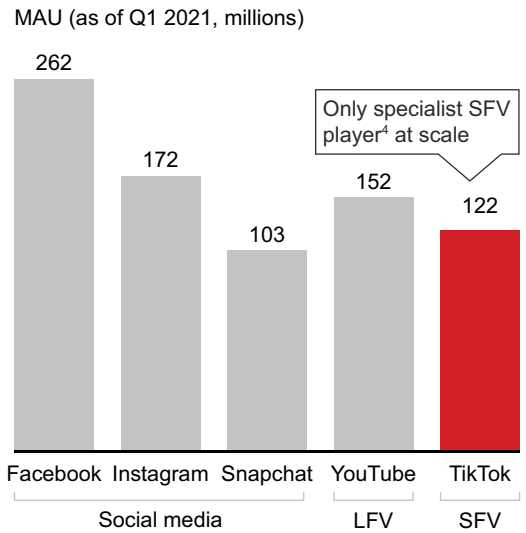
China example: Douyin and Kuaishou (specialist SFV players) are the top two players in the market 🇨🇳

MAU (as of December 2020, millions)

Douyin	Kuaishou[1]
~530	~480

Multiple (15+) small platforms[2]/ancillary ecosystem apps catering to niches

Xigua[3] (~85 million) 📰
News headlines/ informative content

Xiaohongshu (~100 million) 🏪
Shopping- and travel- focused social app

Huoshan[3] (~60 million) ◎
Daily life livestreaming focused on older, rural users

US example: Fragmented across social media, LFV, and SFV platforms 🇺🇸

MAU (as of Q1 2021, millions)

Only specialist SFV player[4] at scale

Facebook	Instagram	Snapchat	YouTube	TikTok
262	172	103	152	122
Social media			LFV	SFV

Notes: 1) ~50% of Kuaishou's user base overlaps with Douyin; 2) User base shown is MAU as of Q1 2021; 3) Part of the ByteDance ecosystem; 4) MAUs (on mobile devices) for players other than TikTok aggregated at platform level and not SFV specific
Sources: Sensor Tower; analyst reports; Bain analysis

Figure 21: We expect five major trends to shape the Indian short video landscape

📱 **Hyper-personalisation & social-led engagement**
- **AI/ML[1]-led recommendation engine** to tailor and curate content for users
- Higher engagement through **social features** (e.g., hashtag challenges, emoticons, interactive features)

🛒 **Monetisation of scale, engaged user base**
- **Monetisation of large user base on SFV platforms through** digital ads, alternate commerce, and micro-transactions (livestreaming)
- **Partnerships with e-tailers** could accelerate commerce (e.g., Kuaishou has tied up with Taobao, JD.com, PDD[2])

📖 **Innovations to onboard the next wave of users**
- Explosion of **vernacular** even beyond 15+ languages currently; ~84% online video viewers in India prefer video content in non-English languages
- Introduction of **lite applications** for optimising data and mobile device storage space, load time (e.g., Moj Lite)

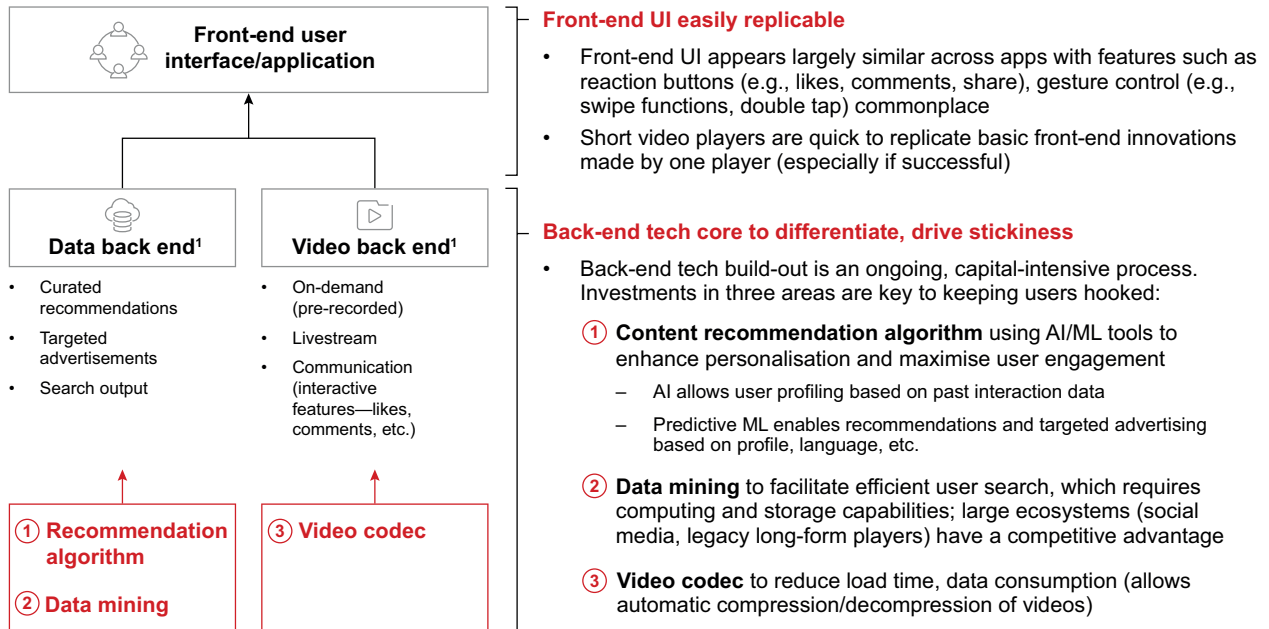👤 **Emergence of a robust creator ecosystem**
- Support creators with **content creation, training, brand affiliations, business management, and financing**
- For example, Glance (Roposo's parent) has a joint venture with Collective Artists Network (an MCN) to enable content creation. Similarly, in China, 20K+ MCNs are supporting creators (covering 90%+ KOLs[3])

🧩 **Growth of niche platforms within larger SFV ecosystems**
- **Suite of apps/platforms** to cater to distinct user/content niches, powered by a common back end
- ByteDance in China has two SFV offerings in addition to Douyin: Xigua (headlines/news, documentaries) and Huoshan (<15-second videos; daily life livestreaming content targeting older, rural customers)

Notes: 1) AI allows machines to perform tasks typically associated with humans, ML allows machines to learn from past data; 2) PDD: Pinduoduo; 3) Key Opinion Leaders (KOLs) are trusted influencers with knowledge and experience in a particular field
Sources: Industry participant interviews; Bain analysis

Figure 22: Substantial investments in back-end technology critical to keep users hooked

Front-end user interface/application

Data back end[1]
- Curated recommendations
- Targeted advertisements
- Search output

Video back end[1]
- On-demand (pre-recorded)
- Livestream
- Communication (interactive features—likes, comments, etc.)

① **Recommendation algorithm**
② **Data mining**

③ **Video codec**

Front-end UI easily replicable
- Front-end UI appears largely similar across apps with features such as reaction buttons (e.g., likes, comments, share), gesture control (e.g., swipe functions, double tap) commonplace
- Short video players are quick to replicate basic front-end innovations made by one player (especially if successful)

Back-end tech core to differentiate, drive stickiness
- Back-end tech build-out is an ongoing, capital-intensive process. Investments in three areas are key to keeping users hooked:

① **Content recommendation algorithm** using AI/ML tools to enhance personalisation and maximise user engagement
  – AI allows user profiling based on past interaction data
  – Predictive ML enables recommendations and targeted advertising based on profile, language, etc.

② **Data mining** to facilitate efficient user search, which requires computing and storage capabilities; large ecosystems (social media, legacy long-form players) have a competitive advantage

③ **Video codec** to reduce load time, data consumption (allows automatic compression/decompression of videos)

Note: 1) List of back-end technologies mentioned is not exhaustive
Sources: Industry participant interviews; Bain analysis

Figure 23: Digital advertisements, video commerce, and in-app purchases likely to be key monetisation models

Video commerce, in-app purchases, and digital ads will be key monetisation models

Digital ads
Revenue from different in-app ads (promotional display banners, videos, sponsored search results, and classifieds)
- SFV digital ads is a ~$12B industry in China

Video commerce
Commission on e-commerce sales initiated via platform or on revenues earned by influencers from brands
- Partnerships critical to unlock e-commerce potential
- For example, Kuaishou in China drives ~$58B of e-commerce sales annually through its platform, earning ~1%–5% in commissions

In-app purchaes (esp. live-streaming)
Commission on in-app purchases (especially during livestreams)
- Viewers can virtually tip (money or gifts) content creators through the platform
- For example, Kuaishou in China earns a 40%–50% commission on user spend via virtual tipping to creators on its platform (60%–70% of its revenue)

Globally, e-retail partnerships have been critical for SFV platforms to monetise through commerce

Kuaishou and JD.com (China)
- Users can **directly order products from the Kuaishou SFV app**, with logistics and fulfilment completed by JD.com
- Higher conversion through **targeted marketing** leveraging shopping/browse history on JD and video views on Kuaishou

TikTok and Shopify (Europe and North America)
- Shopify's merchants provide highly targeted feed advertising on TikTok
- **Shopify storefront linkage** from TikTok

TikTok and Walmart (US)
- **Livestreaming shopping** events via Walmart page on TikTok, driving shopper traffic to Walmart
- Product pop-ups during livestream with option to buy

Sources: Analyst reports; Bain analysis

Figure 24: Winners in the space will focus on growing a highly engaged community of users and creators, and building scale monetisation engines

Tech-enabled hyper-personalisation for users

- ● **Robust recommendation algorithm** to provide relevant, interest-based content (powered by investments in AI/ML)
- ● **Superior UI/UX** driving higher engagement through faster app load, continuous auto-play
- • **Vernacular** capabilities, content options

Creator enablement, influencer lock-in

- ● **Content creation support** (cutting-edge creation tools; training and resources)
- • **Exclusive agreements** with key influencers, partnerships with multichannel networks
- • **Monetary and non-monetary incentives** (e.g., recognition, gifts)

Scalable monetisation engines (brand magnets for ads, commerce)

- ● **Deep ad-tech capabilities** along with highly engaged community of users and creators to facilitate targeted advertising, thereby attracting brands
- ● **Strong commerce engine:** video commerce, in-app purchases, and virtual gifting

Capital	**Tech infrastructure, user onboarding, and marketing**, especially key for standalone players vs. players that are part of larger ecosystems (established user base, access to data, access to tech and talent)

● Potential strategic moats for platforms
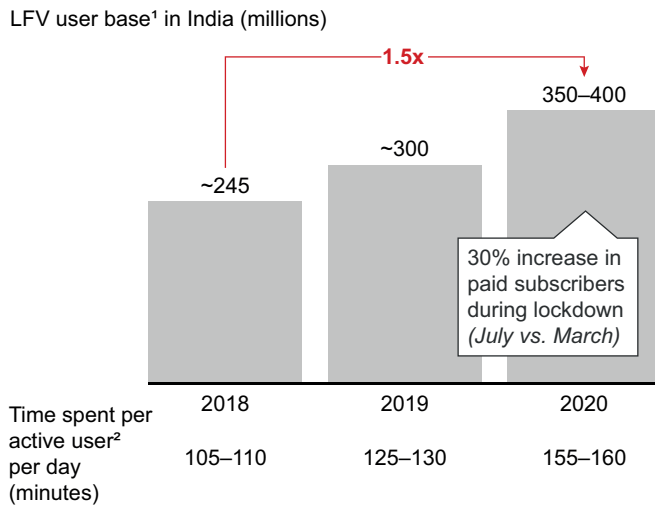
Sources: Industry participant interviews; Bain analysis

Long-form videos in India

▶ Long-form video has substantial scale: 350 million to 400 million users (nearly two times more penetrated than short-form video [SFV]). This is expected to increase to 600 million to 650 million by 2025, driven by a rapidly growing online population, cheaper and faster data, more conducive subscription plans, and content proliferation.

▶ The market is crowded with more than 50 platforms, with four archetypes of players vying for consumer time: global giants (e.g., YouTube, Netflix, Disney+ Hotstar), platforms by television broadcasters (e.g., SonyLIV, ZEE5), specialist Indian platforms (e.g., MX Player, Eros Now), and aggregators (JioTV).

▶ Players have opted for different monetisation models. Netflix and Amazon Prime Video have opted for subscription models (SVOD). Platforms such as MX Player use advertising to monetise their user base (AVOD). YouTube, Disney+ Hotstar, and SonyLIV have opted for freemium models with some content behind the paywall.

▶ Six trends will shape the LFV space going forward:

  ▶ **Content explosion:** Platforms will look to build deeper libraries with increasing original and regional content.

  ▶ **Value chain integration:** Backward integration by over-the-top (OTT) platforms into content production and forward integration by production houses may become more commonplace.

  ▶ **Hyper-personalisation:** Content curation will become even more sophisticated. Approximately 70% of YouTube watch time globally is already driven by recommendations.

  ▶ **Increased monetisation:** Platforms will amplify focus on monetisation as the industry matures. Players are experimenting with transactional video on demand (TVOD) models, allowing consumers to purchase content on a pay-per-view basis.

  ▶ **Gamification/social engagement:** Players will explore social-led engagement to keep users hooked. For example, Disney+ Hotstar introduced an interactive game (Watch'N Play) during the IPL.

  ▶ **Content moderation:** Platforms will look to invest in content protection tools to prevent piracy and moderate content to comply with regulations.
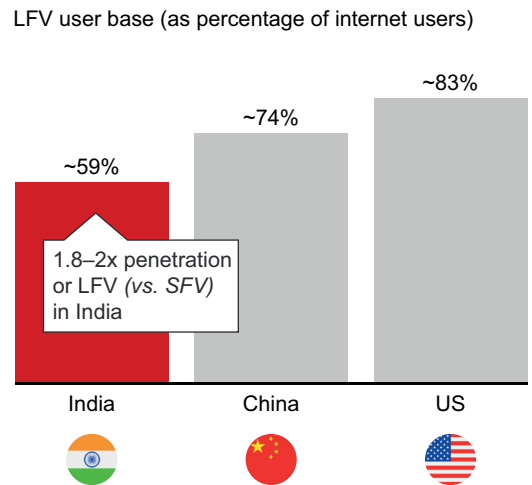
Figure 25: Long-form videos have substantial scale in terms of users: 350–400 million users (1.8–2x more penetrated vs. SFV)

1.5x growth in user base and time spent per user per day on LFV over 2018–20

LFV user base[1] in India (millions)

1.5x

350–400

~300

~245

30% increase in paid subscribers during lockdown *(July vs. March)*

	2018	2019	2020
Time spent per active user[2] per day (minutes)	105–110	125–130	155–160

Headroom to grow further—user penetration lower at 59% vs. global counterparts

LFV user base (as percentage of internet users)

~83%

~74%

~59%

1.8–2x penetration or LFV *(vs. SFV)* in India

India China US

Notes: 1) LFV user base includes all individuals who used an LFV application (including YouTube) at least once during the year (in any manner—paid or free); 2) Time spent for each daily active user for the active days; time spent includes viewing via mobiles, desktops/laptops, connected devices
Sources: eMarketer; Similarweb; *Forrester Analytics: Online Population Forecast, 2019 to 2024 (Global)*; China Internet Network Information Center; industry participant interviews; Bain analysis

Figure 26: By 2025, three in four Internet users in India will watch LFV

India exhibiting strong growth markers for LFV

Growing online population and increasing affluence

1B Indian Internet users by 2030, aided by increasing smartphone penetration; ~50% of households in upper-middle and high-income brackets by 2030 (vs. ~25% in 2018)

Ease of video access and streaming

85% cheaper data vs. global average and increasing data speed with 4G adoption and 5G rollout, lower data consumption with advanced video compression[1] and adjustable streaming quality
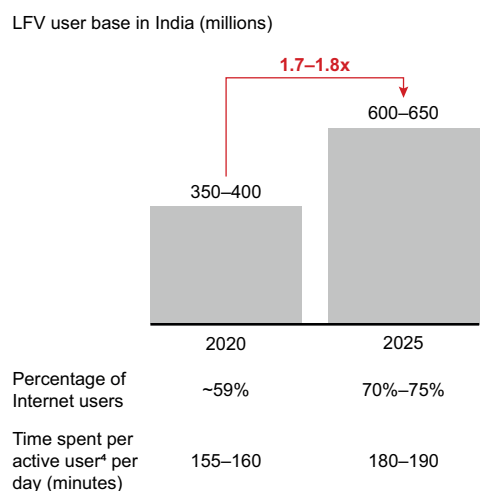
Free access, conducive subscription plans

30% share of OTT[2] subscriptions via bundles offered by DTH[3]/telco operators; additionally, free content library (e.g., YouTube) and cheap, tailored plans (e.g., Netflix's mobile-only plan)

Expanding width of content, accelerated by Covid-19

$0.6B investment expected in originals in 2021, along with regionals, sports, content for all ages (e.g., kids section), and direct-to-digital strategy for mainstream content post Covid-19-induced lockdown

600M–650M LFV users expected by 2025

LFV user base in India (millions)

1.7–1.8x

600–650

350–400

	2020	2025
Percentage of Internet users	~59%	70%–75%
Time spent per active user[4] per day (minutes)	155–160	180–190

Notes: 1) Advancement in video compression technology from H.265 to H.266; 2) Over-the-top (OTT) platforms are streaming services providing television, film content, etc. over the Internet; 3) DTH: direct-to-home; 4) Time spent for each daily active user for the active days
Sources: *Future of Consumption in Fast-Growth Consumer Markets: India*, Bain & Company and World Economic Forum; *Year in Search 2020*, Google; Forrester; eMarketer; Similarweb; industry participant interviews; Bain analysis

Figure 27: LFV consumption is predominantly vernacular and on mobile devices

Multiplex in a 6" screen	Vernacular is popular	Sports drive traffic
80%	**85%**	**50%**
Content consumed[1] through mobiles[2]	Content consumed on OTT[3] is non-English (~55% is in Hindi)	Increase in monthly active users on Disney+ Hotstar during IPL 2020
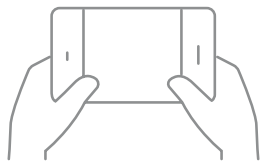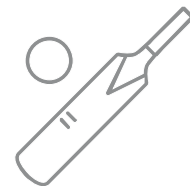
Notes: 1) Content consumed is measured in terms of cumulative hours watched by all users; 2) Remaining ~20% across laptops, desktops, connected devices (includes smart TVs); 3) OTT LFV platforms
Sources: App Annie; industry participant interviews; Bain analysis

Figure 28: LFV market in India is crowded with 50+ players across four broad categories

	Archetype	Description	Illustrative list
	Global platforms	Platforms operated by global LFV giants with content from multiple countries	YouTube, Netflix, Amazon Prime Video, Disney+ Hotstar
	Platforms from television broadcasters	Traditional broadcasters/TV channels enabling OTT offerings	Disney+ Hotstar, ZEE5[1], SonyLIV[1], Voot, Sun NXT, Manorama MAX
	Specialist domestic platforms	India-focused OTT platforms offering original as well as licensed content	MX Player, Eros Now, Hungama Play, Hoichoi, ALTBalaji, Aha
	Aggregators	Platforms of telecom and DTH operators, bundling content from other broadcasters/LFV platforms	JioTV, Airtel Xstream, Vi Movies & TV, TataSky Binge

Note: 1) Sony Pictures Networks India and Zee Entertainment Enterprises, the owners of Zee5 and SonyLIV, are considering a potential merger of the two entities
Source: Bain analysis

Figure 29: Comparison of LFV players across usage and content dimensions

	User metrics[1]			Content			
	Monthly active users	**Avg monthly usage (in hrs)**	**# of Indian originals[2]**	**% vernacular content[3]**	**Live TV**	**Partnerships (illustrative)**	**Popular listings (illustrative)**
YouTube	330M–350M	35–40	NA	85%–95%[4] (20+ languages; predominantly user generated content (UGC))	30+ Indian news channels	T-series, TVF[5], top influencers for UGC	Music channels (T-series, Zee Music, etc.), licensed TV content (shows such as CID, *Crime Patrol*) and kids content
MX Player	180M–190M	15–20	35+	85%–95% (11 languages)	200+ channels	Hungama, Sun TV, Paramount, MGM[6]	Web series in regional languages (*Aashram*, *Queen*, etc.)
Disney+ Hotstar	120M–130M (~30M–35M paid subscribers)	20–25	60+	80%–90% (8 languages)	20+ channels, live sports	Disney, Star, HBO[7], BCCI[8], Fox, Showtime, ABC Studios	Sports streaming (IPL, Premier League), global originals and kids content (Marvel, Disney content)
JioTV	70M–80M	5–10	NA	85%–95% (16 languages)	800+ channels	Sony, Zee, Disney+ Hotstar, Loneranger Productions	Live sports (IPL, Cricket World Cup), TV reality shows (*Bigg Boss*, *Khatron ke Khiladi*)
Amazon Prime Video	50M–60M	25–30	75+	75%–85% (10 languages)	–	Paramount, CBS Studios, Warner Bros, Excel Entertainment	Originals: global (*Jack Ryan*, *Homecoming*) and Indian (*Mirzapur*, *Family Man*), stand-up comedy (*Comicstaan*)
Netflix	35M–40M	25–30	80+	55%–65% (8 languages)	–	Viacom18, Dharmatic entertainment[9], Nickelodeon	Originals: global (*Money Heist, Narcos*) and Indian (*Sacred Games, Delhi Crime*)
SonyLIV	15M–20M (~1.5M–2M paid subscribers)	10–15	15+	85%–95% (7 languages)	10+ channels, live sports	TVF, Shemaroo, Eros International, Applause Entertainment	Sony Network TV shows (*Kapil Sharma Show, Kaun Banega Crorepati*), live sports (UEFA Champions League, Olympics)

Notes: 1) Average MAU over 12 months (July 2020 to June 2021) and average time spent on mobile devices in June 2021; 2) In Indian languages;
3) Percentage of content watched in Indian languages; 4) Percentage of the content posted by Indians; 5) TVF: The Viral Fever; 6) MGM: Metro-Goldwyn-Mayer;
7) HBO: Home Box Office; 8) BCCI: Board of Control for Cricket in India; 9) Owned by Dharma Productions
Sources: App Annie; Kalagato; Omdia; industry participant interviews; Bain analysis

Figure 30: These LFV players have deployed different content and user engagement strategies to drive traction and stickiness

	Deep content libraries with clear content core	Content sharing via active collaboration	Hyper-personalised UX	Enhanced user engagement
Description	• Focus on building depth in content for specific verticals/ categories of strength	• Content-sharing arrangements between LFV platforms to access a wider user base	• Tech-driven personalisation of content search/ recommendations to promote user stickiness	• Enabling non-LFV offerings, such as games, music, SFV, etc. for better user engagement
Examples	• Disney+ Hotstar acquiring broadcast rights for ICC[1] cricket events until 2023 • Amazon Prime Video having 10+ direct movie releases (Bollywood and regional) in H1 2021 • MX Player expanding regional focus via dubbed versions of shows	• ZEE5[2], Voot, etc. providing their free content on MX Player • Sony's[2] premium sports content available on JioTV, apart from SonyLIV	• Netflix leveraging AI/ML capabilities to enable a personalised 'Recommended for you' feature • JioTV customising push notifications to users based on demographics and viewing history	• YouTube, Netflix, etc. offering an SFV section on their platforms • MX Player offering music and games • SonyLIV's 'KBC PlayAlong' feature, allowing users to participate in the game show being streamed

Note: 1) International Cricket Council; 2) Sony Pictures Networks India and Zee Entertainment Enterprises, the owners of Zee5 and SonyLIV, have announced a merger of the two entities
Sources: Industry participant interviews; Bain analysis

Figure 31: LFV players in India have adopted four monetisation models[1]

	Subscription Video on Demand (SVOD)	Ads Video on Demand (AVOD)	Freemium	Transactional Video on Demand (TVOD)
Description	Users get unlimited access to ad-free content, in lieu of a periodic subscription fee	Users consume ads (pre/ mid/post video) to watch content for free	Limited episodes/ certain shows available for free (with ads) and remaining content only via subscription	Purchase specific content on a pay-per-view basis
Examples	• Netflix • Amazon Prime Video	• MX Player • Arre • TVF Play • Amazon Mini TV	• Disney+ Hotstar • YouTube[2] • SonyLIV[3] • ALTBalaji • ZEE5[3]	• Hungama • ZEEPlex • BookMyShow
Implications for platforms	• High investments in content quality and depth • Higher user stickiness with interruption-free experience • Recurring revenues once customer is locked in	• Ability to scale rapidly given free access • Competition with other digital advertising platforms (search, social media, e-commerce, SFV)	• Critical mass of free content to be built as 'hook' • Low conversion of users from free to premium subscription	• Potential to better monetise fresh content with differential pricing • Limited customer retention due to one-off 'view-based' purchases (e.g., movies)

Notes: 1) Monetisation models for aggregators like Jio, Tata Sky, etc. not covered here; 2) YouTube also has TVOD content, though it is not the predominant model; 3) Sony Pictures Networks India and Zee Entertainment Enterprises, the owners of Zee5 and SonyLIV, are considering a potential merger of the two entities
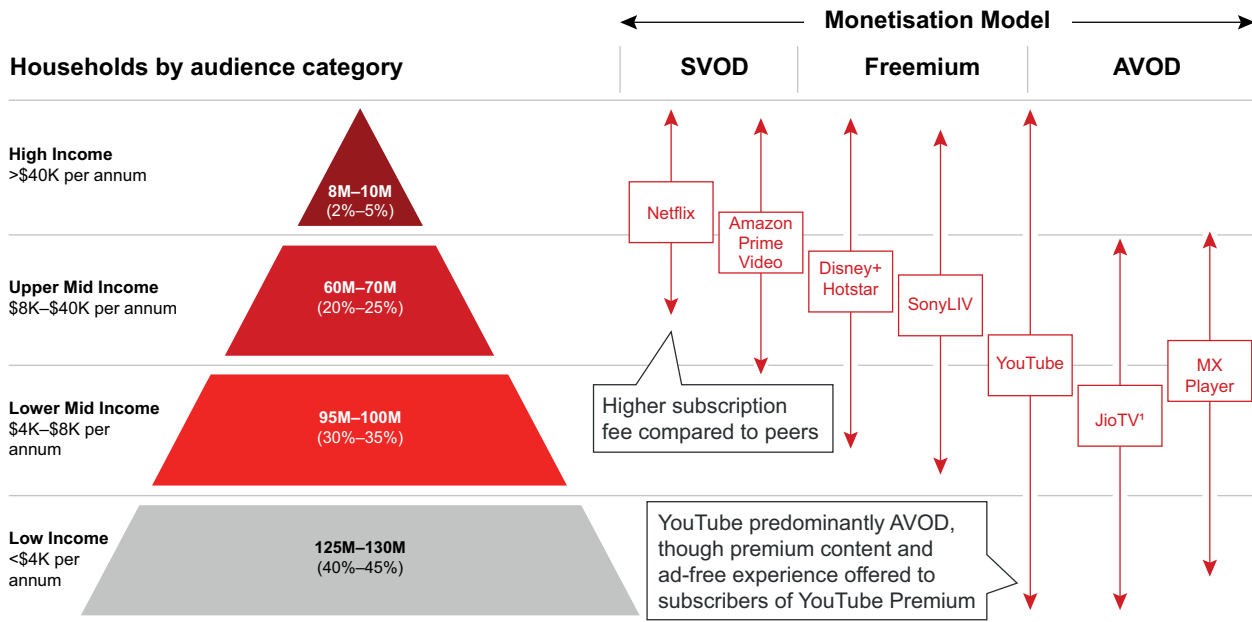Sources: Industry participant interviews; Bain analysis

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Figure 32: Monetisation model choice reflects the platform's core target customer

Note: 1) While Jio TV does not levy a subscription fee, it is accessible only by Jio's mobile/broadband users; TVOD model excluded given small scale/relative nascency
Sources: *Future of Consumption in Fast-Growth Consumer Markets: India*, Bain & Company and World Economic Forum; industry participant interviews; Bain analysis

Figure 33: Globally, LFV players are increasingly focusing on monetisation, experimenting with subscription-based and/or hybrid models

Key monetisation trends seen globally

Subscription-based models gaining further traction
Globally, AVOD players are increasingly adopting subscription-based/freemium models. This is also triggering subscription fatigue amongst users
• Top four SVOD players[1] account for ~50% of the TV streaming time in the US

• **YouTube**: Pushing YouTube Premium offering
• **Twitch:** Introduced Twitch Prime (premium Twitch subscription bundled with Amazon Prime)

Bundled subscription offerings seeing an uptick
Bundling subscriptions to multiple platforms is gaining in popularity due to proliferation of platforms and subscription fatigue
• Average US household has only three to four paid LFV subscriptions, forcing smaller platforms to partner for bundled subscriptions

• **Amazon Channels**: Bundles smaller SVOD LFVs; currently available in US, Brazil, Europe
• **Dabby**: OTT aggregators like Dabby provide tech integration to easily manage multiple OTTs

New, hybrid monetisation models becoming common
Platforms are experimenting with combinations of existing models to attract different customer cohorts
• PVOD[2] model: Users pay a premium to get early access
• SVOD model variants, with limited ads on cheaper subscription packages

• **Disney+ Hotstar:** Experimented with PVOD model in multiple countries for recent release of *Black Widow*
• **Hulu, Peacock, Paramount TV** (US platforms): Introduced multi-tier subscription plans with limited ads on cheaper subscription packages

Notes: 1) Netflix, Amazon Prime Video, Disney+, Hulu; 2) Premium Video on Demand (PVOD) is a combination of SVOD and TVOD
Sources: Analyst reports; Omdia; Bain analysis

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Figure 34: Six key trends are shaping the Indian LFV space

Explosion of content	• Proliferation of original (produced by the LFV players) and exclusive content (sourced through licensing deals/partnerships) • Expansion of regional content by mainstream as well niche regional players (e.g., Hoichoi) to cater to small-town/vernacular user base • Introduction of a bouquet of niche offerings through specialised apps and partnerships (e.g., Voot Kids by Viacom 18)	**~2.5x** Increase in original titles (2020–2021) **10+** Regional OTT platforms launched since Jan. 2020

Value chain integration and content partnerships

• Integration across the value chain: Backward integration by OTT media players into content production; forward integration by production houses into OTT services
• Partnerships for content sharing and co-creation between platforms for cost synergies (e.g., Zee5 and ALT Balaji have an exclusive content sharing partnership for 60+ original series)

	Production houses	**OTT players**
Forward integration	Eros International →	Eros Now
Backward integration	Netflix *in-house production*	Netflix
Content partnership	Dharmatic Ent.[1]	

Hyper-personalisation and content curation

• Curation and personalisation of content on the back of AI/ML-enabled recommendation algorithms, user behavior profiling, etc.
• Expansion of vernacular usage options (interfaces, audio, subtitles)

~70% Watch time on YouTube driven by recommendations (globally) **3,000+** Content categories on Netflix to aid search and recommendations

Monetisation focus

• Expansion of TVOD model (pay-per-view), used as a revenue stream in addition to SVOD and AVOD
• Expansion of digital advertising: investments in ad suites, diverse offerings (e.g., Amazon Mini TV, YouTube Shorts), branded content, etc. to lock in digital advertising revenue from brands
• Further proliferation of the 'freemium' model, with more AVOD platforms potentially introducing subscription plans

15+ Movies launched on ZEE5's TVOD platform (ZEEPlex) **600+** Titles on BookMyShow Stream (*TVOD platform*)

Social engagement

• Gamification enabled by back-end tech and alliances (e.g., Watch'N Play, a game hosted on Disney+ Hotstar during IPL)
• Introduction of social viewing features (e.g., Teleparty by Netflix and Disney+ Hotstar watch party, which provide a collective viewing experience) and immersive content experiences (e.g., Netflix's Black Mirror Bandersnatch film allows viewers to control storyline)

60+ Games on MX Player **~1.5x** Time spent by Disney+ Hotstar's Watch'N Play users vs. other users (IPL 2019)

Tighter scrutiny and content moderation

• Development of robust content moderation capabilities to comply with tightening regulations (e.g., content classification; parental locks based on age, sensitivity, etc.)
• Investments in content protection tools to address content piracy (e.g., digital rights management, tokenization[2] to secure content)

Level I →	**Level II** →	**Level III**
Platform-level grievance officer	*Institutional regulatory body*	*MIB[3] (Central Govt.)*

Proposed three-tier grievance redressal mechanism

Notes: 1) Dharmatic Entertainment is a Dharma Productions subsidiary focused on producing digital content for online distribution; 2) Digital rights management is an access licensing technology to protect copyrighted digital materials; tokenization protects sensitive content from being shared; 3) MIB: Ministry of Information and Broadcasting
Sources: Industry participant interviews; Bain analysis

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