

Are We All Going Over The Top?

It is a slow burn and the one to invest right in content is the one to make it big.



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by Anirban Chaudhuri

Technology and its continuous evolution is most palpable in our infotainment (information and entertainment for engaging ourselves) behaviours. And media explores every opportunity to mirror this societal shift. Internet increasingly assuming faster speed, stronger bandwidth and wider coverage, services that ride on the net are closely monitored by commentators. But India is never short of springing up surprising twists and turns as compared to many developed markets. If it was the market that allowed shortest stay for pagers, it is also the market where both smart feature as well as smart phones have high hopes for coming few years. The curiosity around understanding the Indian consumers play with technology thus is very exciting. Recently, the mainstream media has abuzz with revelations that 65% of video consumption in India comes from rural which has only about 40% Internet connectivity. Many have been earmarking this report as the pace up point for on-demand video and over-the-top (OTT) over linear television. It is beyond doubt that digital growth in India is hinged around Voice, Vernacular and Video Content. So the surge in video consumption over smaller screens match up to that narrative. Interestingly this noise is partial truth. We might not still be at the end game for linear television in India.

Last July, BARC (Broadcasting Audience Research Council) reported in its Broadcast India survey that television owning households gained 7.5% growth over 2016 to reach a figure of 197 million households. The viewers' statistics grew by 7.2% to 836 million. The other startling fact that came up in that survey is the predominance of single television households in India, in spite of rising prosperity. 97% of urban households and 99% of rural households in India are single television households. It is but obvious, that there is prevalence of 'watching together' moments in front of the biggest screen at home while rooting for the favourite contestant in a reality show or for the home team in a league.

The social dividend of this act is still in currency in a country where familial bonds are spread far and wide. Contrast this with video on demand consumption. It has benefits like allowing one to indulge in personal preferences with regard to content, flexibility of viewing content at one's own ease anytime, anywhere. Incredible by the look of it however for a large consumer base that is so used to data snacking, these contents fit in as fillers or at best as a backup for some missed out episodes. There would be some neo-loyalist of VOD/ OTT content but that number is still limited.

Next comes the pressure of creating a library of original content on diverse languages and interest areas. The digital OTT players currently play at various positions of this 'curated to created' continuum of content. Beyond the free video streaming apps like YouTube, the telecom OTTs are predominantly looking at it as value adds for their large consumer base and happy to share a library of aggregated content for high ARPU customers. Then there are the broadcast guys, pushing their platform to increase the daily active users in order to maximize the ad-revenue of their main stay – the channels. The e-commerce extensions are riding on their primary business models and have comparatively limited resources allocated for original content. The standalone content houses like Hoi Choi or Alt Balaji or Zee5 are driving the original content creation wave. But are the current subscription fees enough to see the OTT players cover investments? Subscription based versus advertising based versus transaction based – which model or model mix will drive optimal revenue for growth? Too early to talk about it. In spite of its large following linear television is not having a complete rapport with its viewers. The current subscription fee puzzle is not liked by many. But OTT is not going to have a free run either. Beyond linear television, there is already an increasing clutter within the OTT world itself. As a new business narrative OTT is being positioned by many to be blessed with a bumper growth in fast future and become the lion slayer with respect to linear television. But many wise men and women in the industry are not ready to undermine the linear television. As Sunil Nair, COO of AltBalaji says, "It is a slow burn and the one to invest right in content is the one to make it big." So why go over the top in our estimates of OTT versus linear television? Let us enjoy the life with multiple screens and surroundings. Que será, será!

Anirban Chaudhuri

The author is an advertising and marketing research industry veteran and now teaches marketing at Great Lakes Institute of Management, Gurgaon

The article can be read online [here](#).