BLOCKBUSTER SCRIPT FOR THE NEW DECADE
WAY FORWARD FOR INDIAN MEDIA AND ENTERTAINMENT INDUSTRY

CII Big Picture Summit 2021
DECEMBER 2021
Welcome to the 2021 edition of CII Big Picture Summit’s Knowledge Report, in partnership with BCG, on the way forward for the Indian Media & Entertainment industry over the next decade.

The Media and Entertainment industry has shown immense resilience and has bounced back post the COVID blip. Currently valued at ~$27Bn, the industry is witnessing strong growth tailwinds and is poised to grow to become a $55-70Bn industry by 2030. The industry is primed to drive a continuously growing user base, consuming more and more content, through innovations on multiple fronts.

After a difficult year, the recovery in television has been encouraging. Even as historically strong sectors like cinema chart their way back to pre-COVID levels, OTT & gaming continue to register strong growth that is expected to continue in the medium term. Consumer demand remains strong with a continued rise in TV and digital viewership amidst the new normal. Looking back, we believe that we have successfully navigated the most difficult times. Operations are returning to normal with best-in-class safeguards and SOPs being established, which should allow us to handle future perturbations. Correspondingly, a recovery in ad campaign spending is also being observed.

The pandemic disrupted and transformed the consumption habits for content – both in home and outside. Some of these emerging trends will have long term implications for the industry. We expect the digital trend to intensify, demand for regional content and OTT adoption to continue rising, and the emergence of new business models better suited to the new reality.

Going forward, we need to retain some hard taught lessons from the COVID-19 pandemic – to keep innovating and remain flexible. With the continued support of ~4.5 million strong industry members and more importantly our ~1Bn+ consumers, the best is yet to come.

CII and BCG thank our stakeholders for their valued perspectives and support towards enriching the content of this Knowledge Report. We look forward to your continued feedback in enhancing the usefulness of this publication.

Kanchan Samtani
Managing Director and Senior Partner,
Boston Consulting Group (BCG)

Mandeep Kohli
Managing Director and Partner,
Boston Consulting Group (BCG)

K Madhavan
Chairman,
CII National Committee on Media & Entertainment
Country Manager & President, The Walt Disney Company India and Star India
India’s Media & Entertainment industry has revived to pre-COVID levels and is expected to grow to $55-70Bn by 2030 at 10-12% CAGR, driven mainly by strong growth in OTT, Gaming, Animation and VFX. The industry continues to showcase multimodal growth with digital video leading the consumption boom. As always noted in the past, we believe this is the potential for the industry, however, the realization of this potential depends on several supply-side and demand-side factors.

TV as a medium is expected to remain robust given its function as a platform for family viewing, strong user base, and the evolution of content to meet everyone’s needs. India’s TV penetration has remained flat (unlike some advanced markets where it’s seeing a decline) and ARPUs have also been steady, with both trends expected to continue in the medium term. Subscriptions will be driven by the strong performance of regional channels and cost advantage vis-à-vis OTT. Cord cutting is nascent and is expected to be limited in the medium term. TV ad volumes have bounced back to pre-COVID levels and are expected to continue growing in the future, driven by an increase in advertising on regional channels & growth in new advertisers.

The Indian OTT segment is currently in scaling stage with strong subscription growth and increased investments in premium & original content. More affordable data has led to an increase in internet access and digital payments, thereby improving access to OTT platforms and digital videos. The industry is one of the most competitive...
amongst emerging markets with 40+ players representing all types of content providers. SVOD revenue has seen a remarkable surge over last few years and is expected to overtake AVOD in the coming years. This strong growth in subscription is due to various initiatives taken to expand the user base through bundling and pricing innovations, amply supported by significant investment in content.

Digital advertising is evolving towards more “interactive” ads and is also witnessing increased blending of content and ads (vs. explicit ads). Short form video platforms are growing and provide a unique value proposition to advertisers.

Gaming in India is currently underpenetrated compared to the US and China but is expected to witness strong growth due to the “mobile first” phenomenon. India is also emerging as a talent hub with more than 10x increase in the number of gaming companies over the last decade. This has led to a boom in VC funding for the sector over the last few years.

The film industry has shown encouraging signs of recovery post a difficult 2020. There are a few growth factors for the future – continued growth in regional, direct to digital releases and the rise of “content films” and others. The Indian Postproduction, VFX and Animation industry accounts for <10% share of the global market and has the potential to be a booming sector this decade on the back of several Central and State Government initiatives to develop infrastructure, intellectual capital and provide financial incentives for the industry.

The Indian Media and Entertainment industry is at a critical juncture and hence, it is imperative for companies to take advantage of the current market situation and brace themselves for the challenges. In addition to investing in content and technology to improve user experience, companies should also leverage suitable distribution models to enhance reach, focus on providing integrated ad solutions and offer innovative marketing formats to enhance value proposition to advertisers.
<table>
<thead>
<tr>
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</thead>
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The show goes on |
| 30  | RISE OF THE STREAMING INDUSTRY |
India Media and Entertainment
Recovery from the pandemic and beyond
M&E industry back on growth trajectory

Indian Media & Entertainment industry market size ($Bn)

2015 | 2019 | 2020 | 2021E
--- | --- | --- | ---
Gaming | 46% | 25% | 37% | 33-35%
Television | 27% | 37% | 25% | 22-25%
Print | 6% | 25% | 25% | 9-10%
Search & Social | 11% | 6% | 5% | 9-10%
Audio | 3% | 4% | 5% | 7-9%
Advertisement, VFX, Post-prod. | 1% | 6% | 6% | 7-9%
OOH and others | 2% | 8% | 1% | 5-7%
Others | 1% | 1% | 3% | 2-4%

Note: 1. Others includes OOH, live events; Audio includes radio & digital music; Print includes newspapers, magazines & books
All years mentioned are calendar years
Source: MagnaGlobal, PQ Media, Ampere, Omdia, BCG analysis
India M&E shows significant headroom for growth in direct contribution to economy

Note: 1. India pre-COVID number has been calculated by keeping Media & Entertainment contribution to the GDP constant and considering the Media and Entertainment industry CAGR from 2015-19. 2. Both GDP and M&E numbers are nominal 3. M&E Industry includes both consumer spends and advertisement revenues
Source: MagnaGlobal, PQMedia, EIU
Consumption story continues to stay strong

Growth in digital consumption outstripping all other segments

Number of hours of consumption/day

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2021E</th>
</tr>
</thead>
<tbody>
<tr>
<td>Television¹</td>
<td>3.6</td>
<td>4.3-4.5</td>
</tr>
<tr>
<td>Digital video²</td>
<td>1.8</td>
<td>2.9-3.2</td>
</tr>
<tr>
<td>Print³</td>
<td>0.7</td>
<td>0.7-0.75</td>
</tr>
<tr>
<td>Radio⁴</td>
<td>1.3</td>
<td>1.2-1.3</td>
</tr>
</tbody>
</table>

1. **TV**: ages 18+ who use at least once per month; includes live, DVR, and other prerecorded video (such as video downloaded from the internet but saved locally); includes all time spent watching TV, regardless of multitasking. If all population with age 18+ is considered, average hours per day is 3.3 hours as of 2021.
2. **Digital**: ages 18+ who use at least once per month; includes all time spent with online video activities, regardless of multitasking; includes viewing via desktop/laptop computers, mobile (smartphones and tablets) and other connected devices (game consoles, connected TVs or OTT devices).
3. **Print**: ages 18+ who use at least once per month; includes all time spent with print mediums, regardless of multitasking; offline reading only.
4. **Radio**: ages 18+ who use at least once per month; includes all time spent listening to radio, regardless of multitasking; excludes digital radio.

All years mentioned are calendar years.

**Source**: eMarketer database, BCG analysis. Estimate differs from previous versions of the report due to changes in population definition, we have only considered the population who uses the platform in question.

Per capita media consumption continues to grow

Covid-19 led to a surge in consumption across digital screens and platforms.
Pay TV is growing marginally along with rapid rise of SVOD

Marginal growth in PayTV (unlike the US and China); penetration headroom provides growth tailwinds

Number of PayTV households¹ (Mn) PayTV Penetration² (2021) Number of SVOD subscriptions (Mn)

<table>
<thead>
<tr>
<th>Country</th>
<th>PayTV Penetration</th>
<th>PayTV Households</th>
<th>SVOD Market</th>
</tr>
</thead>
<tbody>
<tr>
<td>India</td>
<td>54%</td>
<td>165-170, 170-180, 175-180</td>
<td>20-25, 50-55, 70-80, 90-100</td>
</tr>
</tbody>
</table>

Note: 1. PayTV households excludes households that subscribe to free DTH in India and households that subscribe to free DTH and terrestrial TV in both USA and China.
2. Penetration numbers are 2021 estimates and calculated given the total number of households in country.
3. All years mentioned are calendar years
Source: Omdia, BCG analysis
Advertising is showing a V-shaped recovery

Digital led recovery expected to get market back to ~$10 Bn in 2022

India advertising revenues ($Bn)

Note: All years mentioned are calendar years
Source: MagnaGlobal, Digital Video (AVOD) from Omdia, BCG analysis
India lags other markets significantly on advertising penetration as part of GDP

Indian ad spend as % of GDP is among the lowest in the world, potential for multi-fold growth in advertising over the next few years

Note: All years mentioned are calendar years; All GDP & Ad spend values are nominal
Source: Magna Global, Omdia, Oxford Economics, BCG analysis
Advertising is transitioning in an accelerated manner to sharper requirement for ROI measurement

**What the industry needs to continue progress**

1. **Single currency for measurement across TV & OTT**
2. **Standardizing measurement metrics across digital platforms**
3. **Provide real time visibility to advertisers**

- Improved targeting .. Personalization, audience selling
- Real time tweaking of campaign parameters to get more bang for the buck
- Reach right audience in cost-efficient manner at low-scale for advertisers
Indian M&E to continue its unique growth story over medium term

India growth story continues to be multi-modal
- Consumption moves more sharply towards digital media
- Supply side factors at play, in addition to consumption trends

India Media & Entertainment market size ($Bn)

Additional potential upside of $5-10 Bn driven primarily by OTT and gaming

Note: 1. Others include Audio, Cinema and OOH Media; All years mentioned are calendar years.
Source: Omdia, EIU database, Magna Global, Expert discussions, BCG analysis

India Media and Entertainment: Recovery from the pandemic and beyond
## Strong growth tailwinds driving momentum in digital-driven sectors

<table>
<thead>
<tr>
<th>Sub-sectors</th>
<th>Key drivers</th>
</tr>
</thead>
</table>
| **Television**     | ![Image](https://via.placeholder.com/150)  
  **Subscription**  | Strong performance by regional channels; Cost advantage vs. OTT  
  Second / Third pay TV connections getting curtailed on the back of OTT and Free dish |
|                   | ![Image](https://via.placeholder.com/150)  
  **Advertisement** | Continued mass & wide reach with high penetration for building & sustaining brands  
  Ad revenue as share of GDP lags other countries, expected to increase |
| **OTT**            | ![Image](https://via.placeholder.com/150)  
  **SVOD**          | Improved internet & smartphone access, and payment mechanisms  
  Investment in content, pricing innovations & bundling creating targeted niche properties |
|                   | ![Image](https://via.placeholder.com/150)  
  **AVOD**          | Significant increase in online content consumption  
  Ad technology and format innovations |
| **Gaming**         | ![Image](https://via.placeholder.com/150)  
  Mobile first gaming population with rising internet & smartphone access  
  Local games targeted specifically at local audience |
| **Print**          | ![Image](https://via.placeholder.com/150)  
  Focus on exclusive content with emphasis on credibility; reputed brands to gain  
  Shift to digital (esp. ads), reduced metro/English press subscriptions |
| **Search & Social**| ![Image](https://via.placeholder.com/150)  
  Rise in online shoppers, social media users  
  Low ticket size makes it suitable for India’s large SME segment |
| **Audio**          | ![Image](https://via.placeholder.com/150)  
  Growth in audio streaming, international & regional music  
  Wide reach with high penetration; Ad volumes shifting to Tier2++ |
| **Cinema**         | ![Image](https://via.placeholder.com/150)  
  Expectation of growth due to a strong content pipeline and rebound demand  
  Shift to Digital/OTT release during the pandemic |
| **Animation, VFX & Post-production** | ![Image](https://via.placeholder.com/150)  
  Increasing importance on content and better technology adoption  
  Availability of low cost and high skilled talent in India |
| **OOH & Others**   | ![Image](https://via.placeholder.com/150)  
  Upcoming infra projects, evolving digital OOH (DOOH) |

**Note:** All years mentioned are calendar years  
**Source:** Omdia, Magna Global, Expert discussions, BCG analysis
The impact of M&E far beyond the direct industry size

M&E industry can have a holistic impact on India’s economy beyond its direct reach…

- Taking Indian culture to the world
- Connecting the Indian diaspora to India
- Indirect & direct employment generation
- Tangible impact on Indian tourism and other allied industries

Source: Press Search, BCG Analysis
Television broadcasting
The show goes on
Television broadcasting: The show goes on
Pay TV growth slowing down; DTH gaining share from cable

DTH gaining share on back of customer experience focus

Number of TV households (Mn)²

<table>
<thead>
<tr>
<th>Year</th>
<th>Cable</th>
<th>Free Dish</th>
<th>DTH (Paid)</th>
<th>PayTV Penetration²</th>
<th>PayTV ARPU (USD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>111</td>
<td>24</td>
<td>64</td>
<td>57%</td>
<td>2.9</td>
</tr>
<tr>
<td>2019</td>
<td>103</td>
<td>33</td>
<td>66</td>
<td>54%</td>
<td>2.9</td>
</tr>
<tr>
<td>2020</td>
<td>102</td>
<td>37</td>
<td>70</td>
<td>54%</td>
<td>2.8</td>
</tr>
<tr>
<td>2021E</td>
<td>102</td>
<td>42</td>
<td>73</td>
<td>54%</td>
<td>~2.9</td>
</tr>
</tbody>
</table>

Growth on the back of growing TV penetration/second screens

Small changes in ARPU driven mostly by mix

Total TV penetration has also matured at ~64%, with ~10% of penetration captured by Free Dish

Note: 1. IPTV numbers included in total, but not depicted on charts as they’re less than 0.1% of total households., 2. PayTV penetration is percentage of households in India that subscribe to Pay TV.; All years mentioned are calendar years
Source: Omdia, SNL, BCG analysis
TV Ad volumes back to pre-COVID levels

Total TV ad volumes in 2021 exceeded 2019 levels

Total ad volumes on Television (in Mn seconds)

<table>
<thead>
<tr>
<th></th>
<th>H1 2019</th>
<th>H1 2020</th>
<th>H1 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>777</td>
<td>638</td>
<td>874</td>
</tr>
</tbody>
</table>

+6%  
+37%

Note: All years mentioned are calendar years
Source: BARC Nielsen, BCG Analysis

Recovery across spectrum, FMCG & E-commerce key drivers

Growth driven by revival in ad spending post-COVID & increase in customer demand

COVID second wave hasn’t hampered overall recovery

High growth witnessed in categories like FMCG, E-commerce, which witnessed CAGR’s of 18% and 15% from 2019-21 respectively

Growth seen across spectrum of advertisers – Top 10, Next 50 and the rest
TV Broadcasting | the story of a mature sector

01 Growth of localized & micro-genre content
- Evolving to target specific audience segments
- New languages, deeper content in regional languages, micro-genres

02 TV viewed distinctly as a family viewing platform
- Family viewing platform
- High proportion of co-viewing within family & friends
- Most Indian households – single TV

03 Nascent signs of cord-cutting
- Early signs of cord-cutting
- With continued moderate growth of Pay TV subs, low home broadband penetration
Content | Evolution of channels to target specific consumer groups

Growth of regional content - share of Regional GRPs increasing (vs. Hindi)

<table>
<thead>
<tr>
<th>Year</th>
<th>Hindi</th>
<th>Regional</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY18</td>
<td>52%</td>
<td>48%</td>
</tr>
<tr>
<td>FY19</td>
<td>52%</td>
<td>48%</td>
</tr>
<tr>
<td>FY20</td>
<td>47%</td>
<td>53%</td>
</tr>
<tr>
<td>FY21</td>
<td>50%</td>
<td>50%</td>
</tr>
<tr>
<td>FY22 (H1)</td>
<td>48%</td>
<td>52%</td>
</tr>
</tbody>
</table>

1. Entering new regional markets
   - Sun Group – Bengali (‘19), Marathi (‘21)
   - Zee – Punjabi (‘20)
   - Star – Odia (Jan ‘22)

2. New genre specific channels in existing regional markets
   - Zee – Bhojpuri, Kannada, Tamil movie (‘19-20)
   - Star – Marathi, Bengali movie (Dec ‘21)

3. Sub-genre specific channels:
   - Star – Romantic & thriller Hindi movie channels (‘Dec 21)

Note: GRP data only for GEC, Movies and Music. Excludes English Source: BARC, Company websites, TRAI, Press search

Broadcasters leveraging multiple growth opportunities
Content | Strong growth observed for Regional content (Viewership & Ads)

Regional content viewership (e.g., news and movies) growing fast...

News
Growth in average weekly viewing minutes (Bn)
Period – 2019-2020

- Malayalam: 66%
- Tamil: 43%
- Gujarati: 85%

Movies
Growth in average weekly viewing minutes (Bn)
Period – 2019-2020

- Tamil: 34%
- Kannada: 20%
- Bangla: 30%

Growth in total ad volumes (Mn seconds)
CAGR for Q3 2019 – Q3 2021

- Bhojpuri: 49%
- Marathi: 16%
- Punjabi: 24%

Note: 1. Average growth of weekly viewing minutes for news channels across all languages (2019-2020). 2. Average growth of weekly viewing minutes for movie channels across all languages (2019-2020). 3. Average growth in ad volumes across all channels (Q3 2019 – Q3 2021, YoY). All years mentioned are calendar years.

Source: BARC, BCG analysis
TV continues to be a family viewing platform

### Watched across all age groups in India

<table>
<thead>
<tr>
<th>Age</th>
<th>% of population</th>
<th>% of TV viewers</th>
</tr>
</thead>
<tbody>
<tr>
<td>2-14 Years</td>
<td>26%</td>
<td>25-27%</td>
</tr>
<tr>
<td>15-30 Years</td>
<td>27%</td>
<td>31-33%</td>
</tr>
<tr>
<td>31-40 Years</td>
<td>16%</td>
<td>15-17%</td>
</tr>
<tr>
<td>41-50 Years</td>
<td>12%</td>
<td>10-12%</td>
</tr>
<tr>
<td>51-60 Years</td>
<td>9%</td>
<td>7-9%</td>
</tr>
<tr>
<td>61+ Years</td>
<td>10%</td>
<td>6-8%</td>
</tr>
</tbody>
</table>

### Significant co-viewing occasions

- % of TV owning individuals watching with someone else: 82%
- Average number of co-viewers per household: 3.46

Note: 1. % of population and % TV viewers data as of 2020
Source: BARC, UN population prospects, BCG Analysis
Cord cutting in its nascent stages – with real constraints

**Consumer reasons for early signs of cord-cutting**

- **Convenience**
- **Ad-free experience**
- **Access to specific content**
- **Personalized screen**

**Major differentiating factors relative to developed markets**

<table>
<thead>
<tr>
<th></th>
<th>India</th>
<th>US</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed broadband penetration</td>
<td>8-9%</td>
<td>95%+</td>
</tr>
<tr>
<td>Higher cost for OTT vs PayTV</td>
<td>~2.5x</td>
<td>~0.8x</td>
</tr>
</tbody>
</table>

**Note:**
1. Fixed broadband penetration as of 2021
2. PayTV, OTT and Broadband cost as per 2021 numbers. Cost for PayTV vs OTT calculated by considering average PayTV ARPUs for USA and India, average ARPU for Netflix in USA as OTT cost, average cost for a subscriber having 3 OTT subscriptions in India – Hotstar + SonyLiv + 1 more and average cost of fixed broadband in USA and India.

**Source:** SNL, Ampere Analysis, Customer interviews, BCG Analysis
Television broadcasting: The show goes on

NTO led networks and households to focus on fewer properties but also create niches

Note:
All years mentioned are calendar years

Source:
Adgully, Financial Express, Omdia, BCG Analysis

Industry relooking at value proposition and streamlining portfolio

- Star – Marathi and Bengali movie channels to be launched in Dec '21, new Odia channel slated for Jan '22 while indicating plans to shut down Star World and Star World Premiere HD
- Sony shut down English entertainment channels AXN and AXN HD in June 2020

Networks are making conscious choices on growing regional languages and other in-demand niches while rationalizing the long tail; examples include

<table>
<thead>
<tr>
<th>Percentage of PayTV households choosing channel options</th>
<th>2022E</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>A la carte</td>
<td>5%</td>
<td>8%</td>
<td>19%</td>
</tr>
<tr>
<td>PayTV recommendations Broadcaster packs</td>
<td>54%</td>
<td>41%</td>
<td>53%</td>
</tr>
</tbody>
</table>

Households are cutting down on the number of channels post NTO...

Number of channels watched in TV viewing households / week

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1-10</td>
<td>11-20</td>
<td>21-30</td>
<td>41-50</td>
</tr>
<tr>
<td>41-50</td>
<td>11-20</td>
<td>21-30</td>
<td>31-40</td>
</tr>
<tr>
<td>11-20</td>
<td>21-30</td>
<td>41-50</td>
<td>32-40</td>
</tr>
<tr>
<td>41-50</td>
<td>32-40</td>
<td>45-50</td>
<td>33-40</td>
</tr>
<tr>
<td>32-40</td>
<td>45-50</td>
<td>33-40</td>
<td>34-40</td>
</tr>
</tbody>
</table>

...and increasingly choosing a la carte channels
Rise of the streaming industry
Strong tailwinds from basic enablers being in place for digital video streaming

**Affordable high speed mobile internet**

- **Rs/GB**
  - 2014: ₹269.0
  - 2020: ₹6.7

**Doubling of internet users in 6 years**

- **Share of Internet users in total population (%)**
  - 2014: 24%
  - 2020: 42%

- Potential for further increase with China at 68% & US at 88%¹

**Increased adoption of digital payments**

- **UPI**
  - FY15: 13%
  - Apr – Jan’21: 31%

- **ATM**
  - FY15: 57%
  - Apr – Jan’21: 45%

- **Mobile & internet banking**
  - FY15: 22%
  - Apr – Jan’21: 10%

- **NACH, POS and Cheque**
  - FY15: 9%
  - Apr – Jan’21: 9%

1. Calculated as total internet users as a share of total population

**Note:** All years mentioned are calendar years

**Source:** Ovum database, BARC, The Ericsson Mobility Report, eMarketer, RBI data; National Payments Corporation of India (NPCI) statistics

Additionally,

- Predominance of younger population, with 50-55% population under the age of 30
- India continues to be a single TV market with ~98% TV owning households owning a single TV
Indian OTT has progressed from early stage to scaling stage

Early stage
- Cheaper data and increased smart-phone penetration driving usage
- Predominantly AVOD model
- OTT is still supplementary to linear TV

Scaling
- Transitioned from AVOD to SVOD model
- Growth in disposable income to drive subscription growth
- Investing in premium and original content

Mass
- Pay TV cord cutting
- High SVOD penetration with consumers subscribing to multiple services
- Next wave—“Live” OTT

Notes:
1. OTT readiness measures fixed broadband penetration, speed, smartphone and 4G penetration
2. OTT Maturity looks at SVOD penetration, ARPU, SVOD revenue as % of Pay TV, OTT revenue growth (’21-25) and Pay TV ARPU
All years mentioned are calendar years
Source: Omdia, Anpere Analysis, Magna Global, BCG analysis
Witnessed significant increase in data and video consumption

- 40-50X increase in data consumption; video is the largest use case
- 4x increase in share of digital in total video watch time
- 4x jump in number of OTT platforms

2014
- ~0.3 GB /user /month
- 9%
- 10 OTT Platforms
- 39% Digital
- 40+ OTT Platforms
- 13-14 GB /user /month
- 39% Digital
- # SVOD and AVOD platforms in other mass markets varies significantly
  - E.g., 10-20 in Australia, UK, Germany

Note: All years mentioned are calendar years, OTT platforms for other countries includes only SVOD and AVOD, excludes Transaction video players and TV everywhere apps
Subscription model has seen a surge over last few years; expected to overtake AVOD gradually

### India OTT Revenue ($Mn)

<table>
<thead>
<tr>
<th>Year</th>
<th>SVOD (Mn)</th>
<th>AVOD (Mn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>250-300</td>
<td>300-400</td>
</tr>
<tr>
<td>2016</td>
<td>300-400</td>
<td>400-500</td>
</tr>
<tr>
<td>2017</td>
<td>400-500</td>
<td>100-200</td>
</tr>
<tr>
<td>2018</td>
<td>700-800</td>
<td>250-300</td>
</tr>
<tr>
<td>2019</td>
<td>1,100-1,200</td>
<td>800-900</td>
</tr>
<tr>
<td>2020</td>
<td>1,400-1,500</td>
<td>900-1,000</td>
</tr>
<tr>
<td>2021</td>
<td>1,800-2,200</td>
<td>1,000-1,200</td>
</tr>
<tr>
<td>2030E</td>
<td>13-15 $Bn</td>
<td>55-60%</td>
</tr>
</tbody>
</table>

Note: 1. Number of year-end SVOD subscribers in million.
Source: Omdia database, BCG Analysis, Expert discussions

- **Faster growth for SVOD vs. AVOD in past few years**
- **SVOD expected to overtake AVOD in the coming years**
- **Expected to grow to 13-15 $Bn over the next decade at a high growth rate of 22-25% CAGR**
Platforms focusing on driving subscriptions with India-specific pricing

Global players offering India-specific price points to compete with local OTT platforms

Monthly price OTT platforms in USA vs India (US price indexed to 100 for individual players)

<table>
<thead>
<tr>
<th>Platform</th>
<th>USA</th>
<th>India</th>
</tr>
</thead>
<tbody>
<tr>
<td>Netflix</td>
<td>100</td>
<td>30</td>
</tr>
<tr>
<td>Prime Video</td>
<td>100</td>
<td>17</td>
</tr>
<tr>
<td>Disney+</td>
<td>100</td>
<td>8</td>
</tr>
<tr>
<td>MX Player</td>
<td>100</td>
<td>20</td>
</tr>
</tbody>
</table>

Pricing of global streaming services in India has been made affordable to drive adoption.

Global players like Netflix, Prime Video, Disney+ offering plans in India at 70-90% cheaper than the US.

Note: 1. All prices quoted according to the listed subscription price on the respective OTT platform websites/apps. The prices do not incorporate any limited time promotional offers/discounts running at the time of publishing this report.
1 USD = 75 INR
Netflix: Basic plan (US), Mobile plan (India) Prime Video: Yearly membership for both India and US; includes total price and does not consider any allocations
Disney: Yearly plan (US), Mobile yearly plan (India) MX Player: Quarterly plan considered for 1 year (US), Yearly plan (India)
Source: Press Search, BCG Analysis
Expect the growth story will continue and accelerate

Key drivers

01 Increased content spends
- Strong correlation between content & service uptake with audience stickiness
- Reaching global audiences
- High quality of regional content

02 Pricing innovations
- Penetrative pricing – significantly expanded reach
- Bespoke bundling for specific value props
- Use of personalization

03 Ad format innovations
- Sponsored content vs. “explicit” ads
- Interactive/actionable
- Commerce integration
- Targeted advertising with personalization

04 Rise of alternate formats e.g., short form video
- High engagement rates
- Reach of unexplored markets at a lower cost

Rise of the streaming industry
**Original / Exclusive Content | Remains a key user need from OTTs …**

- **India, service uptake drivers by proposition**

<table>
<thead>
<tr>
<th>Feature</th>
<th>Proportion of respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Want to watch a specific program/series</td>
<td>35%</td>
</tr>
<tr>
<td>Range of content</td>
<td>30%</td>
</tr>
<tr>
<td>Watch original content made by the provider</td>
<td>25%</td>
</tr>
<tr>
<td>Watch exclusive content not available elsewhere</td>
<td>20%</td>
</tr>
<tr>
<td>Watch on a specific device</td>
<td>15%</td>
</tr>
<tr>
<td>Greater flexibility (no long-term contract)</td>
<td>10%</td>
</tr>
<tr>
<td>Advertisement free</td>
<td>5%</td>
</tr>
<tr>
<td>Ability to watch on a wider range of devices</td>
<td>0%</td>
</tr>
<tr>
<td>More control (on demand)</td>
<td>0%</td>
</tr>
<tr>
<td>Ability to download content for offline viewing</td>
<td>0%</td>
</tr>
<tr>
<td>Free trial or promotional offer</td>
<td>0%</td>
</tr>
<tr>
<td>Ability to watch concurrent streams</td>
<td>0%</td>
</tr>
<tr>
<td>For wider benefits (e.g., shopping/delivery services, retail discounts)</td>
<td>0%</td>
</tr>
<tr>
<td>Primarily for broadband access</td>
<td>0%</td>
</tr>
<tr>
<td>UHD content</td>
<td>0%</td>
</tr>
<tr>
<td>None of the above</td>
<td>0%</td>
</tr>
<tr>
<td>Other</td>
<td>0%</td>
</tr>
</tbody>
</table>

**Note:** 1. Data collected from Omdia India Consumer Devices, Media and Usage survey, November 2020; N=2,449 respondents from India  
**Source:** Omdia India Consumer Survey, BCG Analysis
Strong growth in investments in Indian originals

Investment in Indian original content, 2017-21 ($Mn)

<table>
<thead>
<tr>
<th>Year</th>
<th>Investment</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021E</td>
<td>600-700</td>
</tr>
<tr>
<td>2020</td>
<td>280-310</td>
</tr>
<tr>
<td>2019</td>
<td>330-360</td>
</tr>
<tr>
<td>2018</td>
<td>270-300</td>
</tr>
<tr>
<td>2017</td>
<td>180-210</td>
</tr>
</tbody>
</table>

Accompanied by growth in hours of original content available to users

Hours of original content on OTT platforms in India

<table>
<thead>
<tr>
<th>Year</th>
<th>Hours</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021E</td>
<td>2,400-2,600</td>
</tr>
<tr>
<td>2020</td>
<td>1,400-1,800</td>
</tr>
<tr>
<td>2019</td>
<td>1,000-1,200</td>
</tr>
<tr>
<td>2018</td>
<td>500-600</td>
</tr>
</tbody>
</table>

Note: 1. All years mentioned are calendar years
2. Calculated using different content types:
2a. Split of OTT content cost between Original Shows to Original Movies is 35:65
2b. Among Original Shows, the split of content cost across categories is as follows: Tentpole (>= USD ~5 mn): 70%, Others: 30%
2c. Among Original Movies, the split of content cost across different categories is as follows: Tentpole (USD 10mn and above): 65%, Category A & B (>USD 1.3 mn < USD 10mn): 25%, Category C (<=USD 1.3 mn, dubbed movies, renewals): 10%

Originals continue to be the biggest subscription driver on the platform & help build audience stickiness. They have longer shelf life and help in attracting new subscribers even years after the launch date.

— Business Head, Leading Indian OTT player
Regional Content | Strong focus due to untapped market potential

Players are creating content to cater to regional demand

- **Disney + Hotstar**: 40%+ share for regional in total content consumption; Synergy with broadcasting presence in regional languages
- **Amazon Prime**: Strategy of regional being the new national with ~50% of viewership for regional language movies coming from outside home states
- **Zee5**: Offers content in ~12 languages; plans to increase investments in regional content from ~15% to 30-40%
- **Alt Balaji**: Focus largely on Hindi
- **MXPlayer**: Offers content in 10+ languages, introduced a new category - “MX VDesi” which brings international content dubbed to Indian languages like Hindi, Tamil and Telugu

Both Regional and Pan-India players focusing on regional

- Share in Direct to OTT films (%)
  - **50-55%** Pan India OTTs
  - **45-50%** Regional OTT
  - **2020-2021**

India displays strong affinity towards regional languages

- Share of Indian Population with language as mother-tongue (%)
  - Hindi: 44%
  - Tamil: 6%
  - Telugu: 7%
  - Marathi: 7%
  - Bengali: 8%

Other regional languages

- 56% of India's population has a regional language as mother tongue, which is larger than the population of EU

Note: All years mentioned are calendar years
**Strong content also helping capture eyeballs outside India**

**Indian OTT can cater to international demand…**

- Target the Indian diaspora
- Target markets that have language similarity with India (e.g., Bangladesh, Sri Lanka, other South-East Asian countries)
- Create presence in the global market - original content with focus on ‘glocal’ stories

**OTT platforms offering high-quality original content with international distribution…**

**Indian content leveraging OTT for international distribution**

- **Sacred Games S1**: 2/3 viewers are from outside India
- **Tamil film Jagame Thandhiram**: ~50% of the viewers came from outside India in the first week of release
  - Film was subtitled and dubbed in multiple languages, including English, Spanish, French and Portuguese, enabling wider access
  - Has been in the Top 10 in 12 countries outside India and no.1 in the Top 10 row in 7 countries

**Availability of high-quality content**

- **International Emmy Nominations** for Nawazuddin Siddiqui for the movie “Serious Men”, “Aarya” (Series), “Vir das: For India” (Comedy show) and many more.
- **IMDB top 50 most popular web series** include Kota Factory, Made in Heaven, Flames, Yeh Meri Family, TVF Tripling, Little Things & Permanent Roommates

**Extensive global reach of OTT players**

<table>
<thead>
<tr>
<th>Player</th>
<th>Netflix</th>
<th>Amazon Prime</th>
<th>ErosNow</th>
<th>MX Player</th>
</tr>
</thead>
<tbody>
<tr>
<td>Countries</td>
<td>190+</td>
<td>200+</td>
<td>150+</td>
<td>13+</td>
</tr>
</tbody>
</table>

Source: AppAnnie, press search, Expert discussions, BCG Analysis
Companies leveraging **pricing innovations to increase access for Indian user** (I/II)

<table>
<thead>
<tr>
<th>Pricing formats</th>
<th>Objective</th>
<th>Select examples</th>
</tr>
</thead>
<tbody>
<tr>
<td>Offline payment options</td>
<td>• Attempt to increase penetration beyond the urban population comfortable with digital payments</td>
<td>Prime on Delivery: Payment for Prime subscription collected offline by agents at doorsteps</td>
</tr>
</tbody>
</table>
| Mobile only packs | • Recognizing India’s “mobile first” nature of market  
  Given that ~98% households in India are single-TV homes, smart-phones become the default screen for video viewing for many in a family  
  Moreover, low broadband penetration (at ~9% households) limits OTT viewing on TV | HoiChoi top up cards: Hoicho has provision for offline top-up cards for renewing subscription offline  
AltBalaji partnership with Paypoint: Access to 45000+ offline stores of Paypoint for offline subscription & payment options |

**Pricing formats**

- **Offline payment options**
- **Mobile only packs**

**Objective**

- Attempt to increase penetration beyond the urban population comfortable with digital payments
- Recognizing India’s “mobile first” nature of market  
  Given that ~98% households in India are single-TV homes, smart-phones become the default screen for video viewing for many in a family  
  Moreover, low broadband penetration (at ~9% households) limits OTT viewing on TV

**Select examples**

- Prime on Delivery: Payment for Prime subscription collected offline by agents at doorsteps
- HoiChoi top up cards: Hoicho has provision for offline top-up cards for renewing subscription offline
- AltBalaji partnership with Paypoint: Access to 45000+ offline stores of Paypoint for offline subscription & payment options

**Mobile Video Mobile edition**

- Mobile-only
- 1 device service of Prime video
- Aims to be first entry point to other Prime services

**Netflix Mobile only plan at Rs. 199 per month**

**Source:** Press search, Omdia, BARC, Expert discussions, BCG Analysis
Companies leveraging **pricing innovations to increase access for Indian user (II/II)**

<table>
<thead>
<tr>
<th>Pricing formats</th>
<th>Objective</th>
<th>Select examples</th>
</tr>
</thead>
</table>
| Penetrative pricing | Targeting the value-conscious consumer who may not be willing to pay extra for Premium content | **Sony Liv offers 4 plans:**  
LIV Special+ (Rs. 199/yr for Ad supported, Rs. 399/yr for Ad free):  
- Latest episodes of TV shows  
- Does not include live sports, original TV shows and movies etc.  
WWE Network (Rs. 299/yr):  
- Specially curated for WWE fans with live WWE events, unrestricted access to entire WWE library, exclusive WWE series, documentaries, biographies etc.  
LIV Premium (Rs. 999/yr):  
- Includes exclusive originals & international series, live sports and TV channels |
### OTT evolving to blend content with ads and towards making ads “interactive” (I/II)

<table>
<thead>
<tr>
<th>Ad formats</th>
<th>Objective</th>
<th>Select examples</th>
</tr>
</thead>
</table>
| Blending of content and ads | Sponsored content as an alternative to “explicit” ads | **Netflix & F1**  
- F1 teamed up with Netflix to create a docuseries “Drive to survive” giving a behind-the-scenes view of the sport  
- The show brought in many new fans that had no earlier inclination towards motorsport  

| Disney + Hotstar & Quaker oats  
- Quaker India partnered with Disney + HotStar to create a celebrity cooking show called “Kitchen, Khanna & Konversations”  
- The show provided fitness enthusiasts with new recipes to incorporate oats in their healthy diet |

| MX Player & MG Motors & Gujarat tourism  
- MX Player is producing MX Specials that will not only appeal to viewers but also meet the business needs of advertisers  
- “Hidden tastes of Gujarat” will give viewers a glimpse of Gujarati culture while also showcasing the features of the MG Vehicle used in the show |
OTT evolving to blend content with ads and towards making ads “interactive” (II/II)

Ad formats

Objective

Select examples

- Increasing demand for enhanced advertiser value proposition using interactive / actionable ads to drive conversions

Roposo
- Premium creators can create their own Digital store for a subscription fee
- Sellers can market their products via content and sell it on the platform itself

Voot
- Voot offers many interactive components connected to the shows on the platform
- The type of interaction ranges from voting for contestants to sending in recordings with questions for the stars in “BIGG BOSS”
- All interactive content can be sponsored by brands

Source: Press search, Expert discussions, BCG Analysis
Short form video seeing increased traction and growth

**Short form video grew at 150%+ CAGR, driven by Indian short form video players post TikTok ban**

No. of active users (Mn)$^{1}$

![Graph showing the growth of short form video apps from 2017 to 2021E² with TikTok as market leader. The growth is marked as 3, 40-50, 80-100, 150-170, and 180-200 Mn respectively for each year.]

**Note:**
1. Number of active users is the sum of the number of active users for all short form video apps considered. A single individual can be an active user for multiple apps.
2. Number for 2021 projected using data available till 30th September 2021; exhibit illustrates average yearly active users.
3. Short form video here does not include social media players; includes tiktok (until the ban), Chingari, Hipi, Josh, Mitron, Moj, MX Takatak, Roposo etc. Excludes Youtube shorts and Insta reels.

**Source:** App Annie, Industry experts, BCG Analysis
Short form video growth driven by multiple factors

**Three pillars of Short Form Video flywheel**

1. Growth in user base & consumption
   - Driven by Tier 2+ users: Tier 2+ cities driving usage of short form video apps, form 60%+ userbase
   - This is evolving quickly, with increased traction in metros and tier 1 cities

2. Increase in number of creators / influencers
   - Grooming content creators: In order to increase the quantum and originality of content, platforms are focusing on finding and grooming content creators
   - Examples include Josh’s World Famous, Moj’s Creators Program, MXTakaTak’s Launchpad

3. Rise in advertising & monetization
   - Effective Ad platform: Advertisers can choose from a wide range of available ad formats
   - Have high engagement rates and user stickiness

   - Cheaper alternative: Rates for advertising are lower compared to other social media platforms
   - CPM rates for short form video platforms are as low as $1 whereas it can go as high as $4 for Facebook’s news feed and stories

   - Content – commerce integration: Many players are also extending into social commerce space to better monetize and attract more creators
   - E.g., E-commerce platform Flipkart and Moj are partnering to enable video and live commerce, where Moj users will be able to shop on the former’s online platform

Source: Press search, Industry experts, BCG analysis
Gaming overview

Future is play
Gaming overview: Future is play
India on the verge of a real take-off point for gaming on the back of a “mobile first” gaming culture

<table>
<thead>
<tr>
<th></th>
<th>India</th>
<th>US</th>
<th>China</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gaming¹ market size (2021E)</td>
<td>$2-3 Bn</td>
<td>$40 Bn</td>
<td>$46 Bn</td>
</tr>
<tr>
<td>CAGR of the gaming¹ market (2019-21)</td>
<td>~30%</td>
<td>~9%</td>
<td>~10%</td>
</tr>
<tr>
<td>Mobile gaming as % of the gaming market (2021E)</td>
<td>~90%</td>
<td>~35%</td>
<td>~60%</td>
</tr>
</tbody>
</table>

**Note:** 1. Including console, PC and mobile gaming
All years mentioned are calendar years
**Source:** Industry experts, NewZoo, BCG Analysis
What will drive future growth of the sector

01 
Increased focus on familiar content, along with visual and voice features are helping onboard new gamers and driving higher engagement

02 
India emerging as talent hub - for India and for the world: larger talent pool with # gaming companies having gone up >10x over last decade

03 
Influencer-driven user generated content, livestreaming and the nascent but growing esports industry are driving gaming adoption and higher engagement

04 
Gaming platforms emerging - attracting user and investor attention: proposition of diverse games as a one stop shop

05 
Investors are actively scouting and shaping space: increased early-stage activity with new highs
Key trends shaping the Indian mobile gaming market (I/II)

1. Familiarity in content and live communication features attract new gamers, simplifies onboarding

   **PUBG**
   A key driver of PUBG’s success in India is its voice chat function in the app, which allows gamers to communicate in real time in their language of choice.

2. India emerging as a game development talent hub - for India and for the world

   ![Graph showing the number of gaming companies in India with a significant increase from 2010 to 2020.](image)
   - Number of gaming companies in India: 2010: 25, 2020: 275
   - >10x rise over the last decade

3. Influencer-driven user generated content and livestreaming driving adoption and engagement

   ![Table showing the number of YouTube subscribers of top gaming vs. other creators (Mn).](image)
   - CarryMinati: 31.3 Mn
   - Total Gaming: 26.6 Mn
   - Ashish Chanchalani: 25.6 Mn
   - Amit Bhadana: 23.3 Mn
   - Technical Guruji: 21.5 Mn
   - BBK Vines: 20.7 Mn
   - Techno Gamer: 18.9 Mn
   - AS Gamer: 12.7 Mn
   - Lokesh Gamer: 11.6 Mn
   - Desi Gamers: 10.9 Mn

   - Note: All years mentioned are calendar years
   - Source: Industry experts, AppAnnie, Press search, BCG Analysis

   "Indian gamers are often unwilling to set their device settings to non-English. Thus, when there is reduced reliance on text e.g., voice chats or visual tutorials, it helps in adoption by breaking language barriers."

   — *Gaming industry expert*

---

Note: All years mentioned are calendar years

Source: Industry experts, AppAnnie, Press search, BCG Analysis
Key trends shaping the Indian mobile gaming market (II/II)

4. Gaming platforms that offer diverse games emerging as a one stop shop for many users

Platforms offer games across genres and formats such as casual, sports, fantasy, 1-1 battles, tournaments etc.

<table>
<thead>
<tr>
<th>Platform</th>
<th>Users reported in 2020</th>
<th>Users as of April 2020</th>
<th>Users as of Dec 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>MPL</td>
<td>&gt;70Mn</td>
<td></td>
<td></td>
</tr>
<tr>
<td>WINZO</td>
<td>&gt;20Mn</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Paytm First Games</td>
<td>&gt;70Mn</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

There are numerous titles, giving something for every context for a gamer, resulting in both more # of players and more usage.

5. Investor activity booming: Gaming is the next big frontier in the consumer industry

Total funding raised ($Mn)

- 2010-13: 42
- 2014: 45
- 2015: 53
- 2016: 34
- 2017: 176
- 2018: 157
- 2019: 175
- 2020: 412
- Q1 2021: 549

Active gaming investors and key investments

- Sequoia Capital India: MPL, Moonfrog, Rheo, Octro
- Kalaari capital: Dream11, WINZO
- Lumikai: LOCO, Bombay Play, eloelo
- Accel: Get MEGA, Mech Mocha
- Elevation: Playsimple, Turnip

Note: All years mentioned are calendar years
Source: 1. Company interview
2. Secondary research; Industry experts, AppAnnie, Tracxn, Pitchbook, Press search, BCG Analysis
Films
A transition underway
Films: A transition underway
Films | Post-pandemic recovery encouraging

Number of new films significantly lower in 2020

- Number of Indian films (April – November 2018: 1,843; April – December 2020: 423)
  - 77% decrease

- Number of foreign films (certified in India) (April – November 2018: 74; April – December 2020: 60)
  - 19% decrease

Revival driven by re-opening of theaters; big-ticket releases expected to boost earnings

- Large number of films confined to OTT-only in 2020-21 due to cinema halls being shut across the country
- Reopening of theaters at 50% capacity across India along with increasing consumer demand encouraging for industry
- Big ticket releases have resumed with multiple delayed films lined up for release
- Signs of recovery in both Hindi & regional movie industries positive for medium-term growth

However, low screen density likely to hinder recovery in short term esp. with release backlog

- % of regional films released in 2019: ~75%
  - % of Tamil, Kannada, Telugu and Malayalam films: 45%

- High proportion of regional language films

Note: 1. Percentages according to data for FY19
Source: Central Board of Film Certification, Producer’s Guild of India, BCG Analysis, Expert Interviews, MPA Theme Report 2020
Films | Undergoing some significant changes and creating new opportunities

Growth in regional film production targeted at specific audiences

Exhibitors and studios look to modify business models: more flexible windowing and production strategies set to emerge

Rising pressure and opportunity for broader distribution with OTT players and direct to digital releases

Recent years have seen the rise of “content films” faring well alongside the “star-cast focused films” that dominated more in the past

Note: Relative rise in regional films vis-a-vis Hindi could be because theaters in most Southern states opened earlier whereas Maharashtra (a key for Hindi films) was among the last in Oct 21. Hence, it may need some time to establish whether this is a temporary phenomenon or indicative of a more fundamental trend

Source: Expert interviews, BCG analysis
Future trends | Content production houses & distributors are expanding their sources for monetization

- Theatrical rights
- Cable and satellite
- Digital rights
- Music rights
- Remake rights
- Stage plays
- Games
- Publication (Comic books, books)
- Animated/web series
- Merchandising
- Experiential marketing (Theme parks, gaming arcades, etc)

Source: Expert interviews, BCG analysis
Films: A transition underway
Postproduction - VFX and Animation
A real growth opportunity
Post-production animation/ VFX provides a real growth opportunity

1. Budget >USD 100 million
India accounts for <10% of the global market share in the VFX and Animation industry

The sector has the potential to become the torchbearer of Create in India and Brand India. AVGC sector has channelized the creativity of India’s youth during the pandemic, and it has the power to project India’s creativity globally.

– Shri Piyush Goyal, Union Minister of Commerce & Industry

Note: All years mentioned are calendar years
Source: Montreal International, Venturebeat.com, SODEC, Press Search, BCG Analysis
States like Karnataka, Telangana and Maharashtra are already working towards improving India’s AVGC industry

AVGC is a promising and fast-growing sector that India has great opportunity to develop. Like Bollywood, music, and IT, this is soft power that can emerge as a major revenue generator.

– Prakash Javadekar, Union I&B minister

The (AVGC) Center (for Excellence) will provide a place where different technologies, developments in the field of animation, gaming will be brought to one place. It will also train the thought leaders in the field of AVGC.

– Amit Khare, Secretary, I&B ministry

Source: Expert interviews, Secondary Research, BCG Analysis

Strong push for AVGC sector by Central & State Govt.

Central Govt.
- Recognized as Champion Sector (2018)
- Plan to expand SIES Incentive
- Plan to open FDI, Budget 2019
- Plan to develop AVGC Centre of Excellence at IIT Bombay

State Govt.
- Maharashtra, Haryana, Karnataka, Telangana, Assam have curated policies to promote AVGC sector

Karnataka
- Events: Bengaluru GAFx, Karnataka AVGC Summit, Digital Art Symposium (DAS), CII SummitFX 2021, Bengaluru Tech Summit 2021 organized
- 2017-22 policy aiming to stimulate growth of 100 KAVGC companies, create 15k jobs, talent building through 120+ training institutes and push for 75% of total revenue from exports

Telangana
- IMAGE Centre of Excellence (CoE), 2020, IndiaJoy 2021, Asia’s largest digital entertainment festival
- IMAGE Policy 2016
  - Aiming to provide infrastructure, initiate talent building, bring in fiscal incentives and promote SC/ST and women entrepreneurs

Maharashtra
- 2015 IT/ITES Policy:
  - Establishment of Private AVGC Park in Maharashtra
  - Establishment of Fine Art School / College i.e. Digital Art Centre
  - Set up of a Venture Capital Fund
  - Fiscal Incentives & Concessions for AVGC units

States like Karnataka, Telangana and Maharashtra are already working towards improving India’s AVGC industry
Development of infrastructure and intellectual capital key to boost Indian VFX & animation industry

**Infrastructure**
- Develop state-of-the-art facilities:
  - Physical infrastructure: studios, universities
  - Technical infrastructure & capabilities

**Incentives (Financial)**
- Necessary to retain competitive advantage of low cost over other countries

**Intellectual Capital**
- Setup universities / courses:
  - UG & PG courses
  - R&D, especially with foreign studios and universities
  - Industry exposure: internship, exchange
  - Business courses to promote entrepreneurship

**Index for EoDB**
- Overall production friendliness
- Organizations that promote overall industry globally
- Regular events to display domestic capability and to provide a platform for networking
VFX and animation can be the next boom for the industry

India has <10% of the global market share in VFX and Animation; Potential to scale this up to 20-25% through structural interventions

Indian VFX & animation experts’ cost ~1/5th the cost of western counterparts

Other global hubs have emerged offering skilled intellectual capital and incentives of up to 40%
- Montreal, Canada grew at 25% CAGR from 2014-19
- Montreal has 235 video game and visual effects studios, with more than 21000 jobs across them
- UK has emerged as the primary VFX hub in Europe

VFX & animation can be the next IT-BPM boom and play a fundamental role in India’s M&E by 2030

Potential job creation and economic activity

Direct & indirect job creation

45-60K

Jobs in 2019/2020

75-120K

New jobs created if India captures 20-25% share

1. Indirect & Induced Employment Coefficient for Other Services, Impact of Investments in the Housing Sector on GDP and Employment in the Indian Economy, NCAER, 2014; Extrapolation based on revenue to jobs ratio in India’s film industry, MESC Skills Gap Report 2014, Industry Reports
Source: Montreal International, Venturebeat.com, SODEC, Press Search, BCG Analysis
Realizing the growth opportunity
Imperatives for stakeholders
Realizing the growth opportunity: Imperatives for stakeholders
Summary of imperatives for media companies

Create more differentiated, diverse content catering to diverse audience segments and provide a more personalized viewing experience.

Continue to innovate on pricing and new monetization models; take Indian content to international audiences.

Develop new, strategic selling models that enhance the value proposition for advertisers.

Develop Media & Entertainment as the industry of choice for new age talent.

Invest in technology and advanced analytics to drive content curation, targeting, measurability, visibility.
Multiple technology-driven use cases emerging fueling the need for investments in technology

**Continue to grow consumption**
- Hyper-personalized content recommendation engines
- Video engineering for fluency and definition optimization across multiple devices
- Using VR to enhance spectator engagement in live sports

**Raise the bar on advertiser value proposition**
- Hyper-segmentation for targeted advertising
  - Ad personalization
  - Campaign performance
- Standardized impact measurement across platforms
- Enabling consumers to experience content/products advertised through immersion of VR/AR

**Build newer sources of revenue for the industry**
- Content production
  - Topic monitoring
  - Automated video editing & sound engineering
  - Content generator
- AI curated content supply – identifying potential ‘hero’ content
  - Content acquisition
  - Intelligent document recognition
Talent and capability imperatives for Media and Entertainment industry

<table>
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<th>Key Imperatives</th>
<th>Trends driving upskilling of traditional roles</th>
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<td>Continued investment in content</td>
<td>• Demand for original and regional content</td>
<td>• Increasing use of technology to drive content curation and discovery</td>
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<td>• Increasing diversity of content across languages, forms, and formats</td>
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<td>Create advertiser value</td>
<td>• Moving from tactical to strategic selling - solution selling, bundling</td>
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<td>• Integration of AR/VR to create immersive content &amp; streamline production process</td>
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For Further Reading

Boston Consulting Group publishes reports on related topics that may be of interest to senior executives. Recent examples include:

**How Homegrown Streaming Video Can Take On the Global Goliaths**
An article by Boston Consulting Group, June 2021

**Creating a Zero-Based Media Organization**
An article by Boston Consulting Group, May 2021

**Streaming Viewers Aren’t Going Anywhere**
A report by Boston Consulting Group, April 2021

**Lights Camera Action | The Show Goes On**
A report by Boston Consulting Group & Confederation of Indian Industry, December 2020

**Will Peak TV Burst the Video Content Bubble?**
An article by Boston Consulting Group, October 2020

**Can Subscription Video Providers Hold On to Their New Customers?**
An article by Boston Consulting Group, July 2020

**Turn the Tide | Unlock the new consumer path to purchase**
A report by Boston Consulting Group, May 2020

**The Last Decade Was Great, but What About the Next?**
A report by Boston Consulting Group, February 2020

**In Media, Subscriptions Matter Most**
A report by Boston Consulting Group, February 2020

**The Trillion (and growing) Touchpoint Story: Recognizing the monetization conundrum**
A report by Boston Consulting Group & Confederation of Indian Industry, November 2019
About the Authors

Kanchan Samtani is a Managing Director and Senior Partner in the Mumbai office of Boston Consulting Group.

Mandeep Kohli is a Managing Director and Partner in the New Delhi office of Boston Consulting Group.

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For Further Contact

If you would like to discuss the themes and content of this report, please contact:

Kanchan Samtani
Managing Director and Senior Partner
BCG Mumbai
+91 22 6749 7074
Samtani.Kanchan@bcg.com

Mandeep Kohli
Managing Director and Partner
BCG New Delhi
+91 124 459 7435
Kohli.Mandeep@bcg.com

Nimisha Jain
Managing Director and Partner
BCG New Delhi
+91 124 459 7210
Jain.Nimisha@bcg.com

Vikash Jain
Managing Director and Senior Partner
BCG New Delhi
+91 124 459 7431
Jain.Vikash@bcg.com

Vipin Gupta
Managing Director and Partner
BCG New Delhi
+91 124 457 5607
Gupta.Vipin@bcg.com

Nitin Chandalia
Managing Director and Partner
BCG New Delhi
+91 124 459 7120
Chandalia.Nitin@bcg.com

Kanika Sanghi
Partner and Associate Director
Center for Customer Insight
BCG Mumbai
+91 22 6749 7134
Sanghi.Kanika@bcg.com

Vidisha Dubey
Project Leader
BCG Bengaluru
+91 80 4679 9174
Dubey.Vidisha@bcg.com

Neerja Bhatia
Executive Director
Confederation of Indian Industry (CII)
+011-45771000
Neerja.bhatia@cii.in
Blockbuster script for the new decade

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