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Indian Media in the Age of OTT: Navigating Challenges and Regulatory Necessities

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Abstract

This research tries to study the growth of OTT platforms in the last year in general and during the Pandemic in particular. The media industry is proliferating in India and is expected to be the leading Industry in the world soon. It is, therefore, essential to study the extent of the increase in the popularity of OTT platforms during a pandemic and to ascertain their future scope. Although even with their launch, OTT platforms have seen an upward trend in their popularity and subscribers due to the Lockdown and partial to full closedown of traditional media avenues during the Pandemic, there has been a multi-fold rise in popularity. According to Industry experts and data available, T.V. is the largest of the media industry market. However, the OTT platform will soon overtake print and film and challenge the T.V. segment. Since there is no regulatory body to regulate these platforms, of late, there have been numerous cases where the people, government, and court have commented or desired that these platforms be regulated.

This research also involved surveying and analyzing people's opinions regarding OTT platforms to determine their consumption patterns and see if they are slowly taking over the most popular entertainment like T.V. and cinema. It was found that OTT platforms are now watched more than T.V. and YouTube for entertainment. Consumption of OTT platforms has seen a steep increase during the Pandemic. People were watching original content and bold OTT serials, which will adversely affect the T.V. industry. As far as cinema is concerned, People are divided. Most people still want to watch movies in cinema halls for the overall cinema experience. However, a minority of them look forward to watching movies on OTT once major movies are released. The survey also analyzed the requirement for regulation of these OTT platforms.

Keywords: OTT platforms, COVID:19, Indian Television, Movies, OTT Regulation, Indian media.

Introduction of the Media Industry: An Overview

The Indian Media Industry comprises numerous sectors, including T.V., print, radio, music, films, animation, and gaming. It has clocked phenomenal growth in the second half of the 21st century and is now one of the fastest-growing industries in India, beating the I.T. and Auto sectors.

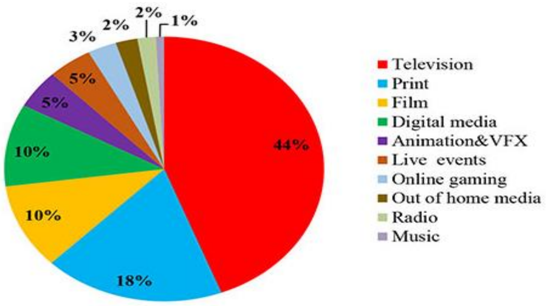

Figure 1: Composition of Media Industry as per BARC survey 2018

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The latest available report by KMPG and FICCI spelt out that Indians will be spending a higher amount on entertainment in times to come because of an increase in their disposable income. The Indian M&E sector reached INR 1820 billion before the Pandemic and will reach INR 2420 billion by the end of the current financial year. The Industry is steadily growing at 10% annually. Digital media has overtaken film in 2019 and will overtake print media by this year's end. T.V. is still the most significant sector, but digital media is growing the fastest. At present, approximately 55 crore T.V. and smartphone screens are used. By 2025, there will be more than 100 crore screens, 25% of which will be T.V.s, and the remaining 75 % will be smartphone screens. Connected television sets will allow content providers to reach a vast subscriber base faster. Consumption of vernacular content will increase with internet users in nonmetro and smaller cities. The Cinema industry must compete with digital online mediums and create more content, preferably in Hindi and vernacular, appealing to a broader audience at low-cost nonmetro venues to attract the next five crore theatregoers.

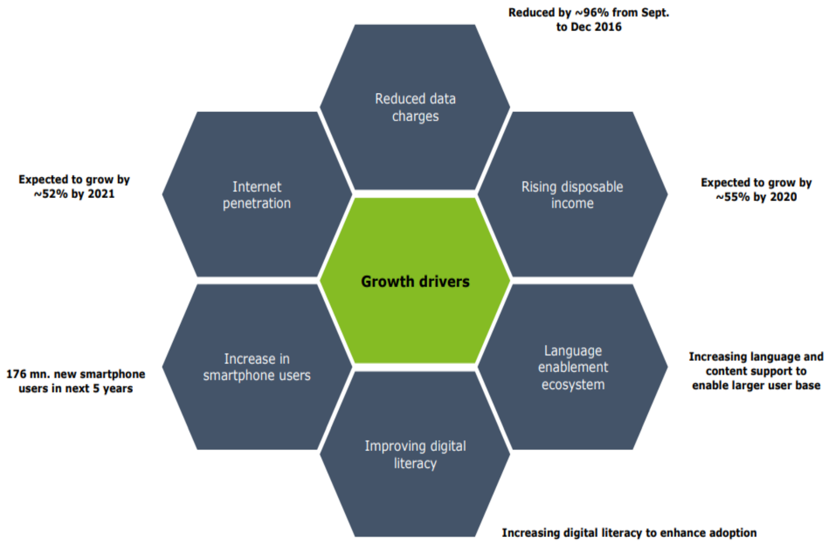

Figure 2: Factors contributing to the rise in digital consumption.

T.V. Industry: An overview

Television was introduced on 15 September 1959. Due to newer technologies, this Industry has transformed over time. In the early days, sixty-minute health, agriculture, and general awareness programmes were broadcast twice a week. T.V. reached a larger audience when six television stations were set up in all corners of the country in 1975. At that time, T.V. broadcasts were in black and white. The growth of T.V. in India after that was primarily due to the launch of INSAT-1A (assisting the networking of T.V. stations) and the entry of satellite T.V. into Indian homes. The first colour broadcasts were shown in 1982 during the coverage of the Asian Games. Viewers now watch T.V. through an intense pan-India network of approximately 1500 terrestrial transmitters interconnected with satellite links covering the remotest locations. With the government's gradual relaxation, the Indian T.V. industry thrived and became the world's second-largest. Very soon, it will overtake the crown of the Chinese T.V. industry. As per the Broadcast Audience Research Council (BARC), India has approximately 300 million homes. Of these, approximately 60%, around 200 million households have cable T.V. services, DTH services, or IPTV / Smart T.V. T.V. penetration in India has doubled to 66 % in less than 20 years. Backward states like Bihar and Jharkhand have shown the highest growth in the number of households with T.V. owing to the so-called electrification drive in these backward states. There are approximately 50 broadcasters in India, over 65,000 cable operators, around 1700 MSOs, and at least 7 DTH providers with more than 1000 channels. On average, viewers spend approximately 4 hours watching T.V. Nearly half of their consumption is watching serials, one-fourth is watching films, and Watching News is the third. Recently, TRAI introduced the New Tariff Order, which has given viewers broader power by allowing them to pay for only those channels they want to watch. Thus, all broadcasters are now forced to focus more on subscribers. The government has also allowed 100% (Automatic route) FDI in DTH, cable services, and MSOs. All these measures and government assistance will ensure that the media industry grows at 12 % yearly.

Films: an overview

In India, Film viewing is considered a key source of recreation and entertainment. In terms of the number of films produced per year, this Industry is amongst the largest in the world (More than 2000 films are produced per year). Owing to the vast population, approximately 2 to 2.5 crore Indians enjoy a film every day. According to street estimates, the film industry had a gross annual turnover of Rs. 600 crores at the start of this century. Films are also a major employer, employing more than 60 lakh people. Advertising during cinema is also a source of additional revenue for the media industry. Last year, prior to the Pandemic, the revenue collected from this advertising was over 11 crore rupees. The revenue will undoubtedly increase with the expansion of cinema in regional languages and the use of the latest technology. India is the number one film producer in the world in 2018 (1,776 films). Indian film industry grew by 12 % (Rs 17,450 crore). An important thing to note is that it is not Bollywood that produces the most significant number of films; the highest number of films were released in the Kannada language, nearly 243 films. Hindi films are second with 238 films, which is closely followed by films in the Telugu language (237). India has approximately 9601 screens, less than one-fourth compared to screens in major countries like China or the USA. Out of these screens, nearly half are in the five southern states. China, the leader in this sector, has been adding cinema screens at 16 % yearly. It is approx 9% CAGR in India.

The number of screens per population in India is minuscule compared to other countries. There are fewer scenes in the smaller cities and towns in India. This low cinema penetration provides an enormous growth potential in years to come. The Indian Media industry has recorded a stellar growth of 14% over the last five years (2016 to 2021), outperforming the global average of 4.2% CAGR. The **COVID-19 pandemic** has gripped the world since the start of 2020. WHO and developed countries were cued less about how to stop the Pandemic. When they did not find an alternative, the oblivious introduced Lockdown to stop the human-to-human spread.

Regulation of OTT

OTT platform services have been widely accepted for their simplicity and convenience. OTT platform contents can be downloaded directly or viewed on-demand by viewers utilizing the Internet on devices like Internet / savvy T.V.s, Computers, and Smartphones. There are nearly 50 OTT platforms functional in India. Renowned industry leaders in their sector, such as Distributors, Telecom companies, Content providers, and Broadcasters, are now in the race to benefit from the explosive growth of OTT platforms. Some of them are listed below. Cable Television Network (Regulation) Act, 1995 The Government needed to prepare and stay ready for the boom of cable networks and the sudden emergence of broadcasters in the 90s. No means were available to check, control and regulate what was being transmitted on air through foreign satellites. Only available Broadcasters like D.D. and AIR were entirely under the control of the Indian Government and hence did not warrant any regulations. The government was under tremendous stress regulating the cable T.V. operators, who mushroomed during the 90s, as they were broadcasting programs without any regulation. This Act was introduced to prevent the uncontrolled growth of cable T.V. networks. The Act was to regulate the content of cable networks. The Act laid down the "responsibilities and obligations" for the quality of service and content to ensure copyright protection and to prohibit uncertified anti-national anti-national broadcasts.

Research Methodology

This study aimed to understand the growth of OTT platforms in India. The researcher has collected information on various OTT platforms through journals, books, and the Internet. The quantitative method was selected for the same. The questionnaire method was used for the collection of data. The focus will be on residents of Jaipur and Rajasthan in general, who watch OTT for entertainment. The population within the selected age group of 20 to 50+ have been filtered out through screening questions. These people will be used for the study to highlight the recent explosive growth of OTT platforms and the extent of their consumption. This will also help us understand how OTT platforms have recently taken over the media industry. It will help us understand the high growth of various OTT platforms and how they are gradually taking over other entertainment mediums. Lastly, the need for OTT regulation will also be examined.

Objectives of the Study

(a) To find the increased consumption of OTT platforms recently.
(b) To understand the future growth of the various OTT platforms.
(c) To study the shift in consumption in the media industry due to OTT.

(d) To examine whether there is a requirement for regulation on OTT.

Primary data was collected by applying the quantitative method. A survey was conducted on selected respondents aged 20 to 50+, mainly from a defence background. The total sample size for the study was 100 responses. The questionnaire was divided into segments like demographics and OTT consumption behaviour, which included questions related to OTT usage and their views on various issues, including regulation of the platforms. Details of the questions are given in the appendix attached to this report. A five-point Likert scale was employed for the survey for this research study.

Data Analysis

A questionnaire with a set of questions, prepared after detailed forethought and discussion with the guide, was used as a data collection tool. Respondents were asked to give answers to all questions, and forms with incomplete answers or contradictory responses were dropped from the study. Respondents who needed to be made aware of the OTT platforms or those not interested in these platforms were also excluded from the study. This section of the report will analyze primary data collected from the respondents and represent them in easy-to-understand graphs. 100 fully completed respondents were considered without contradiction for ease of understanding and assimilation. Based on the response received, the details about the demographics, i.e., Age, Gender, and occupation of respondents, are given below. 42% of respondents watch OTT for less than 2 hours and 24 % watch between 2 to 4 hours. 22% watch OTT between 4 to 6 hours. Some viewers watch more than 6 hours. These numbers, approx 12 %, are primarily binging. (these details primarily reflect the data during the Lockdown, i.e. Apr –May 2020). There has been a quantum jump in the consumption time in the second half of 2020. On analysis of the data collected from the respondents, as depicted in Figure 26 above, 39 % also like to watch original content on the OTT, 32% prefer watching T.V. series, and 15% prefer to watch movies. The remaining respondents are divided into news, documentaries, reality shows, etc. As evident, OTT services have a huge potential to capture the cinema goer. Among the various OTT platforms liked by the respondents are Netflix 21%, Amazon Prime 17%, Hotstar 14% and Jio TV and Zee5 12 % each. A maximum of people responded that a separate body for the regulation of OTT is required. 56 % responded to it. Moreover, about 35% strongly felt so. One among the four respondents strongly felt that the existing body for T.V. and Cinema can be used for regulation.

CONCLUSION

The growth of OTT services in India has led to the emergence of distinct patterns of content consumption. OTT has become a widespread medium of entertainment in India. The majority of the respondents (52%) resort to OTT for entertainment, followed by YouTube (19%) and T.V. (17%). Time spent on the OTT platform increased during the Lockdown. 81% of respondents have increased their usage, and only 5% have seen a reduction. On average, there has been an increase of 1 h 50 min per respondent, and each respondent watches OTT for three h 20 min daily. 6 % of respondents use OTT platforms for more than 6 hours daily. Smartphones are convenient for OTT platforms because of their small size, good data rate availability, and ability to be used for personal entertainment. When asked about the mode of consumption, respondents prefer smartphones (51%) over T.V.s (29%), laptops (12%), and iPads (7%). The researcher found that 81% of respondents have experienced an increase in their daily usage of OTT. Lockdown during the Pandemic has given OTT a push to generate new customers. 56% of respondents started using the new OTT platform during the Lockdown. Netflix (21%) is the most-watched OTT platform, followed by Amazon Prime (17%), Hotstar (14%), Zee5 and JioTV (12% each) and Sonu LIV (8%). Max respondents (28%) prefer the evening, followed by late-night viewing (23%) and Afternoon (21%). Approx 18 % binge the entire series or movie irrespective of the time. 39 % prefer watching original content, 32 % prefer T.V. series, and 15 % prefer movies. OTT platform has also provided an alternative medium for cinemagoers; during the Lockdown, people watched movies on OTT. The number of people watching cinema on the OTT platform has recently increased mainly due to the absence of any major release in the theatre and the imposition of strict lockdown conditions. However, this platform will face competition when movies with huge budgets and big stars are released. 47% of respondents replied that they would watch these big, budgeted movies only in the cinema for better movie experience and few preferred OTT platforms. Nearly 91% of respondents feel that there is a requirement for regulation, 56 % are for a separate regulatory body for OTT platforms, and 40% are for existing regulatory bodies like T.V. and Cinema. When asked for the reason for regulation, sexual content (31%) is the main reason, followed by Foul language (21%), political or religious issues (21%) and excess violence (16%). Foul language and sexual content are the main reasons the older generation avoids OTT on

T.V. With the regulation; there will be a quantum jump in the subscriber base. 46% of respondents feel that regulation will reduce the number of subscribers, and they feel that regulation will kill the creativity and novelty of ideas. With too much regulation, OTT will lose the X factor or the advantage over other mediums.

Limitations of the Study & Recommendations for Further Studies

Like any other study, this study has certain limitations. One limitation is that the data collected was restricted to a limited number of respondents known to the author, mainly from Rajasthan. The findings have evolved mainly from the data collected through a questionnaire. Further study on these hypotheses with more extensive data sets will provide better and more accurate results. Based on the interpretation and analysis of the data collected through a questionnaire, the research on the topic Challenges to media industry due to the growth of over-the-top (OTT) platform and requirement of regulation of OTT in India' has been completed. What one feels to be regulations, others consider it a step towards moral policing of the Internet. There is always a difference of opinion between the Films and Censor Boards. According to some industry experts, OTT platforms have provided creative freedom to content creators. Whether or not these OTT platforms should be regulated can always be debated, but the government must deliberate on it, keeping freedom of expression in mind.

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