



# Pay TV and OTT video in emerging Asia–Pacific: trends and forecasts 2019– 2024



Martin Scott, Alex Boisot and Qingyi Liang

## About this report

Retail revenue from OTT services in emerging Asia-Pacific (EMAP) will grow more-rapidly than that from traditional pay-TV services in the next 5 years. Indeed, retail revenue for traditional pay-TV services in EMAP will grow by USD2.9 billion between 2019 and 2024, compared to USD15.1 billion for OTT video.

This forecast report analyses how IPTV and OTT video compare as they compete for consumer spend in the region. It presents the scale of, and differences between, these dynamics in China, India and other countries in the region.

### WHO SHOULD READ THIS REPORT

- **Product and strategy managers** within pay-TV providers and operators who require market sizing for business planning purposes, as well as an overview of the key trends that are affecting the market.
- **Business development managers** within vendors of video solutions who need to assess the size of the opportunity for their products or services.
- **Financial analysts** who need to understand the dynamics and the size of the pay-TV market and its interaction with OTT video services.



Our forecasts are refined throughout the year. This report presents the results at the time of publication and will continue to give useful background information about key drivers. However, we recommend that you always use the Analysys Mason [DataHub](#) to view the latest data associated with this report.

### GEOGRAPHICAL COVERAGE

#### Regions modelled:

- Emerging Asia-Pacific (EMAP)

#### Countries modelled individually:

- China
- India
- Indonesia
- Malaysia
- Myanmar (**NEW**)
- Thailand
- Philippines
- Vietnam

### KEY METRICS

- Pay-TV households and connections
- OTT video users
- Retail revenue (spend)
- ASPU

#### Pay TV is split by the following access technologies:

- cable (analogue and digital, CATV)
- IPTV
- pay digital terrestrial TV (DTT)
- satellite (DTH)
- operator OTT<sup>1</sup>
- third-party (non-operator) OTT

#### OTT video is split as follows:

- linear – channels (paid-for and free)
- linear – events
- TVoD (rental and ownership)
- SVoD (paid-for and free)

<sup>1</sup> The full definition of the term 'operator OTT' is articulated in the appendix at the end of this report. In short, this term refers to OTT video services offered by telecoms operators and also by pay-TV providers that have previously provided traditional pay-TV services.

## An introduction to the terms and definitions used in this forecast report

The pay-TV market is in the middle of a reconfiguration. Service categories are changing, and terms such as ‘connections’ and ‘subscribers’ (which fit into broadcast TV services reasonably well) do not apply as well to OTT services. This forecast provides multiple category splits that aid different purposes, such as understanding the role of existing pay-TV providers versus new OTT entrants, the scale of on-demand consumption versus live streaming, and whether the mode of purchase is transactional or by subscription. As such, detailed articulation of the terms used and the categorisations made is required in order to provide full clarity. Further detail regarding these assumptions, terms and our methodology can be found at the end of this report.

### Key terms and conventions used in this report.

**‘Traditional’ versus ‘OTT’.** ‘Traditional’ services refer to TV services that are delivered over a managed network and deliver a known and predictable latency and quality of broadcast content. ‘Traditional’ access technologies include the sum of services carried over IPTV, cable, satellite and pay DTT.

**OTT services.** These are TV or video services that are delivered over an unmanaged IP connection, known as ‘the open internet’. In this report, we use this term as a contraction of ‘premium OTT services’, which are services that generate transactional or subscription revenue, and not exclusively advertising revenue. This means that services such as the free YouTube service are not included, but a free trial to Netflix is. Our figures are device-agnostic.

Furthermore, multi-screen services (for example, unmanaged IP services that are sold alongside traditional pay-TV services to diversify the ways in which consumers access the same services) are not included in ‘OTT services’. Revenue for such services is attributed to the associated traditional pay-TV service.

**Operator OTT.** The full definition of this term is articulated in the appendix. In short, this refers to OTT video services offered by telecoms operators and also by pay-TV providers that have previously provided traditional pay-TV services.

**Third-party OTT.** This refers to services offered by OTT video providers that have not offered traditional pay-TV services in a country in the past. This includes, for example, Amazon, iflix and Netflix. It would also include Astro’s Tribe service outside of Malaysia, or PCCW’s Viu service outside of Hong Kong.

**Connections and users.** Consumers may subscribe to multiple traditional pay-TV services and use multiple OTT services at once. This makes the process of forecasting the number of users and revenue complex. This forecast allows for multiple traditional pay-TV subscriptions by articulating both the number of pay-TV ‘households’ and the number of ‘connections’. For OTT, this report forecasts ‘users’ of particular types of services – a single user may use multiple services, and this is reflected in higher spend assumptions for each user.

# Contents

## 6. Executive summary

7. The traditional pay-TV retail revenue in emerging Asia-Pacific will peak in 2023
8. Cable TV retail revenue will stop growing during the forecast period, the growth in satellite revenue will stall and IPTV will account for future revenue growth
9. Retail revenue from both traditional pay TV and OTT video will grow in almost all countries in EMAP, but OTT video will now account for the majority of growth

## 10. Regional trends

11. Geographical coverage: traditional pay-TV penetration varies significantly by country; the household penetration of premium operator OTT services is low
12. Traditional pay-TV take-up will saturate during the forecast period; operator OTT services will generate almost as much revenue as traditional pay TV by 2024
13. OTT video retail revenue will be dominated by SVoD because many linear services are being bundled free of charge, rather than paid for separately
14. Customers will migrate away from cable and satellite and towards IPTV; new revenue growth will come from IP services
15. SVoD will continue to be the most important type of OTT video service in the region during the forecast period, primarily due to China's scale

## 16. Country-level trends

17. China: China Mobile's IPTV licences have created a step change in the market: the future for IPTV is positive and cable TV will flounder
18. China: BAT have boosted the number of paying subscribers to their OTT video services; there will be 397 million OTT video users in 2024 as a result

19. India: the New Tariff Order creates a less favourable commercial market for pay-TV providers, so they are looking towards OTT for revenue growth
20. India: OTT video continues to be consumed primarily for free; the future of paid-for services depends on how operators approach bundling
21. Indonesia: the second- and third-largest players are likely to drive price competition, but the incumbent, Telkom, will grow its customer base
22. Indonesia: bundling OTT video services alongside telecoms services for free is the norm
23. Malaysia: Astro still dominates the pay-TV and OTT market, and Telekom Malaysia's future role in TV is unclear
24. Malaysia: free bundling of OTT video services is commonplace

## 25. Forecast methodology and assumptions

26. Our spend forecasts focus on the direct flow of money between consumers and OTT video providers
27. How we classify OTT video services in this forecast
28. Further definitions

## 29. About the authors and Analysys Mason

30. About the authors
31. Analysys Mason's consulting and research are uniquely positioned
32. Research from Analysys Mason
33. Consulting from Analysys Mason

## List of figures

Figure 1: Traditional pay-TV and OTT retail revenue and ASPU, emerging Asia-Pacific, 2016–2024

Figure 2: Pay-TV and OTT video retail revenue growth by service type, emerging Asia-Pacific, 2019–2024

Figure 3: Contribution of traditional pay TV and OTT video to the total change in retail revenue in emerging Asia-Pacific, 2019–2024

Figure 4: Household penetration of pay TV and the population penetration of operator OTT services by country, emerging Asia-Pacific, 2024

Figure 5: Traditional pay-TV and OTT retail revenue for operators and pay-TV providers, emerging Asia-Pacific, 2016–2024

Figure 6: Pay-TV spend and CAGRs by service type, emerging Asia-Pacific, 2019–2024

Figure 7: Pay-TV connections and CAGRs by service type, emerging Asia-Pacific, 2019–2024

Figure 8: OTT video retail revenue by service type and blended ASPU, emerging Asia-Pacific, 2016–2024

Figure 9: OTT video users and growth rates by service type, emerging Asia-Pacific, 2019–2024

Figure 10: OTT video spend and growth rates by service type, emerging Asia-Pacific, 2019–2024

Figure 11: Pay-TV connections, operator OTT users and ASPU by access technology, emerging Asia-Pacific, 2016–2024

Figure 12: OTT video users by business model, EMAP, 2016–2024

Figure 13: Pay-TV connections and OTT video users by access technology, China, 2016–2024

Figure 14: Retail revenue by OTT video service type, and ASPU, China, 2016–2024

Figure 15: Number of users by service type, China, 2016–2024

Figure 16: Pay-TV connections and OTT video users by access technology, India, 2016–2024

Figure 17: Retail revenue by OTT video service type, and ASPU, India, 2016–2024

Figure 18: Number of users by service type, India, 2016–2024

Figure 19: Pay-TV connections and OTT video users by access technology, Indonesia, 2016–2024

Figure 20: Retail revenue by OTT video service type, and ASPU, Indonesia, 2016–2024

Figure 21: Number of users by service type, Indonesia, 2016–2024

Figure 22: Pay-TV connections and OTT video users by access technology, Malaysia, 2016–2024

Figure 23: Retail revenue by OTT video service type, and ASPU, Malaysia, 2016–2024

Figure 24: Number of users by service type, Malaysia, 2016–2024

Figure 25: Scope of our spend forecasts

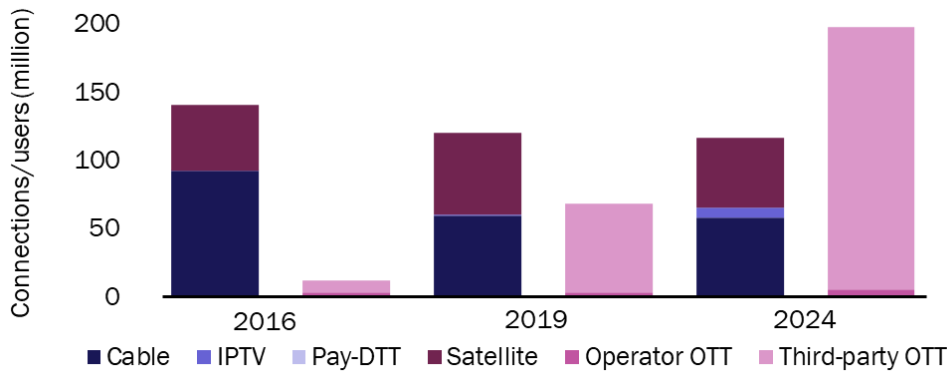
# India: the New Tariff Order creates a less favourable commercial market for pay-TV providers, so they are looking towards OTT for revenue growth



The New Tariff Order was introduced in early 2019 and has had a significant impact on the future of pay TV in India. The regulation focuses on giving consumers greater flexibility and control over their channel subscriptions, but early indications suggest that this is leading to disrupted pricing (growth and decline in different areas) and a renewed focus on OTT video partnerships to sidestep regulated channel pricing.

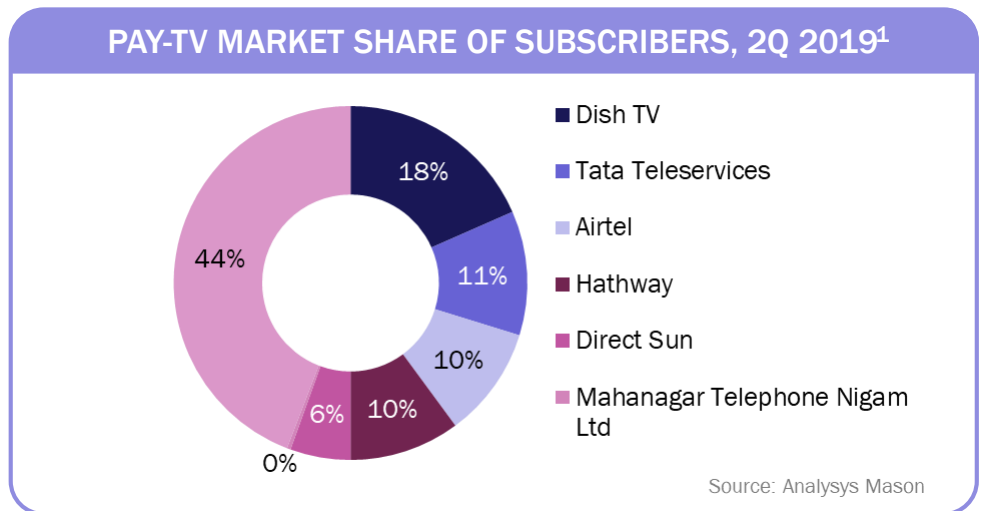
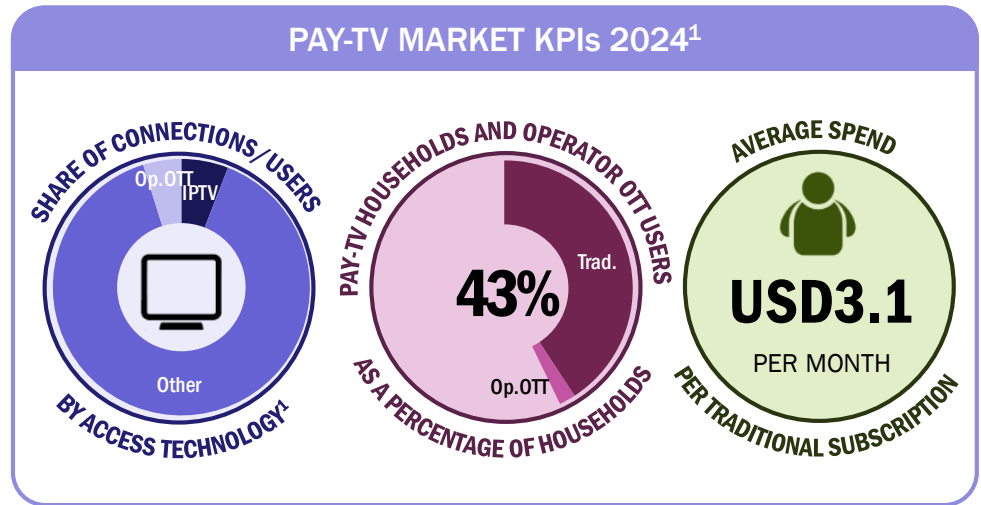
Reliance's Jio appears to have eschewed bundling satellite and IPTV services alongside its GigaFibre service and is instead focusing on bundling OTT services with a cable set-top box (STB) that works with services from any cable TV provider. We have revised our forecasts accordingly to be less optimistic about both IPTV and satellite.

**Figure 16: Pay-TV connections and OTT video users by access technology, India, 2016-2024**



Source: Analysys Mason

<sup>1</sup> Includes subscribers to traditional pay-TV services and users of operator OTT services, but excludes third-party OTT.



Source: Analysys Mason

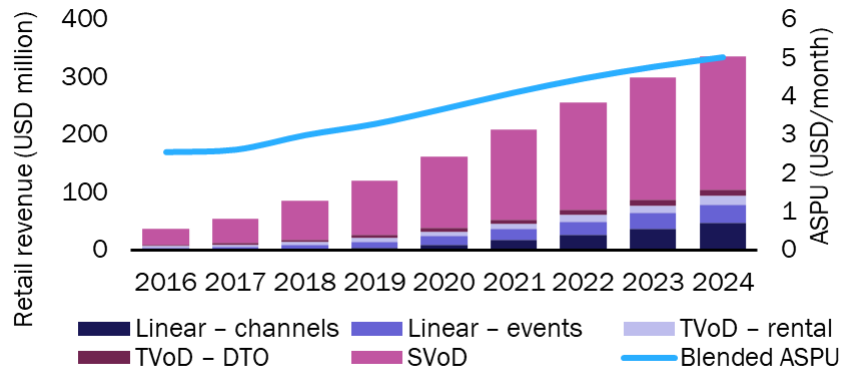


## Malaysia: free bundling of OTT video services is commonplace

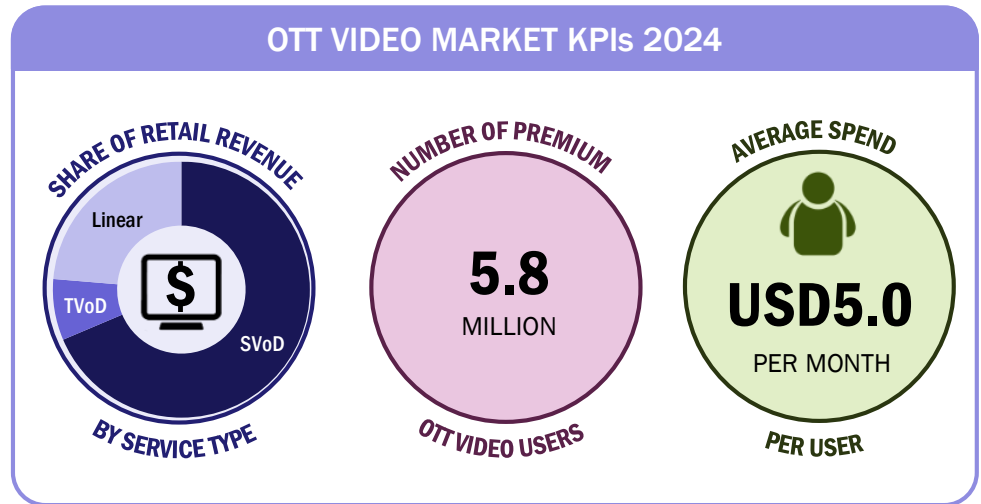
Premium OTT video services are widely available at no extra charge to customers of some telecoms operators in Malaysia (for example, Telekom Malaysia’s UniFi brand). Viu and iflix often bundle their OTT services with operators’ services, but local platform TonTon has also gained a significant premium customer base since switching from solely offering free catch-up services to becoming a paid-for service in 2016. Netflix is popular in Malaysia.

Telekom Malaysia’s PlayTV service (formerly HyppTV Everywhere) is now available on a standalone basis, and was the sole way for new customers to sign up to TV services from the company for a few months in early 2019. We expect that other companies will launch their own paid-for OTT services during the forecast period.

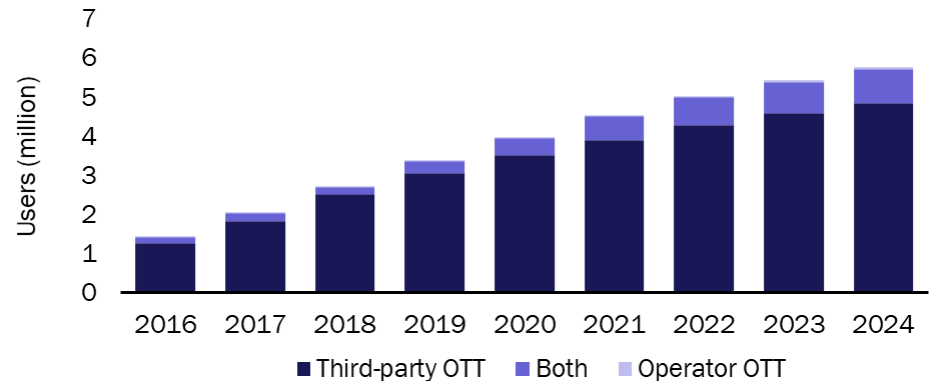
**Figure 23: Retail revenue by OTT video service type, and ASPU, Malaysia, 2016-2024**



Source: Analysys Mason



**Figure 24: Number of users by service type, Malaysia, 2016-2024**



Source: Analysys Mason



Executive summary

Regional trends

Country-level trends

China

India

Indonesia

Malaysia

Forecast methodology and assumptions

**About the authors and Analysys Mason**



## About the authors



**Martin Scott** (Principal Analyst) co-ordinates Analysys Mason's research initiatives related to media and TV. He manages the *Video Strategies* research programme. Martin has held numerous positions within Analysys Mason during the last 14 years, including heading the company's Consumer Services, Data and Regional Markets practices. He also launched Analysys Mason's *Connected Consumer Survey* and *Consumer Smartphone Usage* series of research. His primary areas of specialisation include telco TV strategy, OTT video and media, consumer smartphone usage, the bundling and pricing of multi-play services, including quadruple-play bundling, customer satisfaction and consumer-facing marketing strategy. He also specialises in statistics, surveys and the analysis of primary research.



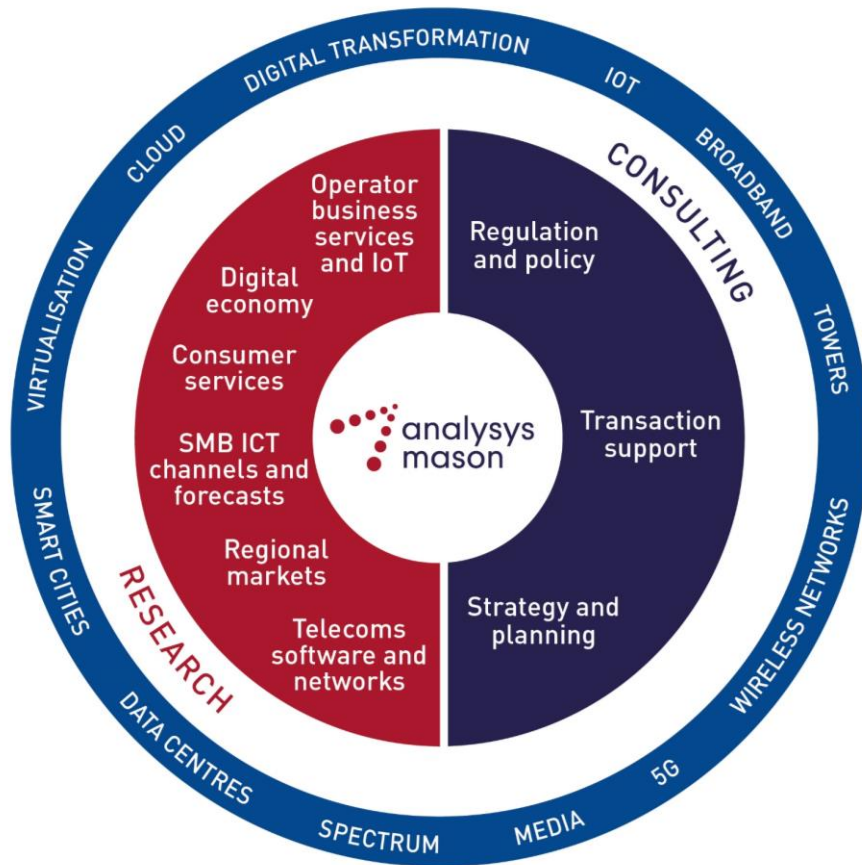
**Alex Boisot** (Research Analyst) is a member of the regional markets research team in London, contributing primarily to the *Telecoms Market Matrix* and *European Country Reports* research programmes. Alex holds a BA in Philosophy, Politics and Economics from the University of East Anglia. He conducted research on the impact of telecommunications technologies on modern societies during his studies, writing his dissertation on e-government and e-democracy. He has also worked on the development of a mobile game aiming to teach users the basic principles of physics.



**Qingyi Liang** (Research Analyst) is a member of the Data Team in London, contributing primarily to the *Telecoms Market Matrix*, *European Country Reports* and *Asia-Pacific* programmes. Qingyi has a MSc in Biomedical Sciences, and a PhD in Epigenetics and Cancer Biology from University College London.

# Analysys Mason's consulting and research are uniquely positioned

## Analysys Mason's consulting services and research portfolio



### Consulting

We deliver tangible benefits to clients across the telecoms industry:

- communications and digital service providers, vendors, financial and strategic investors, private equity and infrastructure funds, governments, regulators, broadcasters and service and content providers

Our sector specialists understand the distinct local challenges facing clients, in addition to the wider effects of global forces.

We are future-focused and help clients understand the challenges and opportunities new technology brings.

### Research

Our dedicated team of analysts track and forecast the different services accessed by consumers and enterprises.

We offer detailed insight into the software, infrastructure and technology delivering those services.

Clients benefit from regular and timely intelligence, and direct access to analysts.

# Research from Analysys Mason

## Consumer services programmes

- Mobile Services
- Mobile Devices
- Fixed Broadband Services
- Convergence Strategies
- Video Strategies

## Operator investment programmes

- Operator Investment Strategies
- Network Traffic
- Spectrum

## Telecoms software and networks programmes

- Software Forecast and Strategy
- Telecoms Software Market Shares

## Network-focused

- Next-Generation Wireless Networks
- Video and Identity Platforms
- Service Design and Orchestration
- Automated Assurance
- Network Automation and Orchestration
- Digital Infrastructure Strategies

## Customer-focused

- Digital Experience
- Customer Engagement
- Monetisation Platforms
- AI and Analytics



## Digital economy programmes

- Digital Economy Strategies
- Future Comms

## Operator business services and IoT programmes

- Large Enterprise Voice and Data Connectivity
- Large Enterprise Emerging Service Opportunities
- SME Strategies
- IoT and M2M Services
- IoT Platforms and Technology

## SMB ICT channels and forecasts programmes

- Managed Service Provider Strategies
- Cyber Security

## Regional markets programmes

- Global Telecoms Data
- Americas
- Asia-Pacific
- Middle East and Africa
- European Core Forecasts
- European Telecoms Market Matrix
- European Country Reports

## DataHub

- ~2500 forecast and 250+ historical metrics
- Regional results and worldwide totals
- Operator historical data

# Consulting from Analysys Mason

## REGULATION AND POLICY

- Policy development and response
- Ex-ante market reviews, remedies, costing...
- Universal Service Obligation (USO)
- Scarce resources: radio spectrum management, auction support, numbering...
- Ex-post/abuse of dominance
- Postal sector



## TRANSACTION SUPPORT

- Commercial due diligence
- Technical due diligence
- Mergers and acquisitions (M&As)
- Debt and initial public offerings (IPOs)
- Joint-venture structuring
- Mid-market financial sponsors

## STRATEGY AND PLANNING

- Commercial expertise
- Technology optimisation
- New digital frontiers

[analysismason.com/consulting](http://analysismason.com/consulting)



PUBLISHED BY ANALYSYS MASON LIMITED IN **FEBRUARY 2020**

Bush House • North West Wing • Aldwych • London • WC2B 4PJ • UK

Tel: +44 (0)20 7395 9000 • Email: [research@analysismason.com](mailto:research@analysismason.com) • [www.analysismason.com/research](http://www.analysismason.com/research) • Registered in England and Wales No. 5177472

© Analysys Mason Limited 2020. All rights reserved. No part of this publication may be reproduced, stored in a retrieval system or transmitted in any form or by any means – electronic, mechanical, photocopying, recording or otherwise – without the prior written permission of the publisher.

Figures and projections contained in this report are based on publicly available information only and are produced by the Research Division of Analysys Mason Limited independently of any client-specific work within Analysys Mason Limited. The opinions expressed are those of the stated authors only.

Analysys Mason Limited recognises that many terms appearing in this report are proprietary; all such trademarks are acknowledged and every effort has been made to indicate them by the normal UK publishing practice of capitalisation. However, the presence of a term, in whatever form, does not affect its legal status as a trademark.

Analysys Mason Limited maintains that all reasonable care and skill have been used in the compilation of this publication. However, Analysys Mason Limited shall not be under any liability for loss or damage (including consequential loss) whatsoever or howsoever arising as a result of the use of this publication by the customer, his servants, agents or any third party.