



# Pay TV and OTT video in Central and Eastern Europe: trends and forecasts 2019– 2024



Martin Scott, Jakub Konieczny and Alex Boisot

## About this report

This report provides:

- forecasts for the number of pay-TV households and services, premium OTT video users, their retail revenue (spend) and average spend per user (ASPU)
- forecasts split by pay-TV platform: cable (analogue and digital), IPTV, pay DTT, satellite (DTH) and operator OTT;<sup>1</sup> operator OTT and third-party OTT are split by category of OTT video service – linear channels, linear events, TVoD (rental), TVoD (ownership) and SVoD
- forecasts for 13 individual countries and Central and Eastern Europe as a whole.

### WHO SHOULD READ THIS REPORT

- **Product and strategy managers** within pay-TV providers and operators that 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 that need to assess the size of the opportunity for their products or services.
- **Financial analysts** that 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:

- Central and Eastern Europe (CEE)

#### Countries modelled individually:

- Bulgaria
- Croatia
- Czech Republic
- Estonia (NEW)
- Hungary
- Latvia (NEW)
- Lithuania (NEW)
- Montenegro (NEW)
- Poland
- Romania
- Russia
- Slovakia
- Turkey

### 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 subscription. As such, a 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 delivered over a managed network that deliver a known and predictable latency and quality of broadcast content. ‘Traditional’ access technologies include the sum of services carried over IPTV, cable, DTH 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, not exclusively advertising revenue. This means that services such as the free YouTube service are not included, but a free trial to Netflix is included.

Furthermore, multi-screen services (for example, unmanaged IP services that are sold alongside traditional pay-TV services to diversify the ways that consumers view content) 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, DAZN and Netflix. It also includes Sky’s OTT service in Spain (where it launched an OTT service in 2017, but had not previously offered a traditional pay-TV service).
- **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 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.

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9. IPTV and operator OTT revenue gains will more than offset the revenue declines caused by a decrease in the number of satellite and pay-DTT subscriptions
10. Both traditional pay-TV and OTT video services will grow in value across almost all countries; the Turkish market will continue to grow most rapidly

## 11. Regional trends

12. Geographical coverage: Turkey, Poland and the Baltics will be particularly strong markets for operator OTT video services
13. Traditional pay TV will still account for the majority of revenue in CEE between 2019 and 2024 but operator OTT revenue will grow rapidly while satellite revenue declines
14. The value of OTT video is constrained by low-priced traditional services and high piracy levels, but the overall retail revenue will still almost triple during 2019–2024
15. IPTV will offset losses in the number of cable and satellite connections, but operator OTT video services will generate major user base growth between 2019 and 2024
16. OTT video take-up in CEE is accelerating; linear channel services will keep pace with SVoD during the period in terms of subscriber base and revenue growth

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## OTT video take-up in CEE is accelerating; linear channel services will keep pace with SVoD during the period in terms of subscriber base and revenue growth

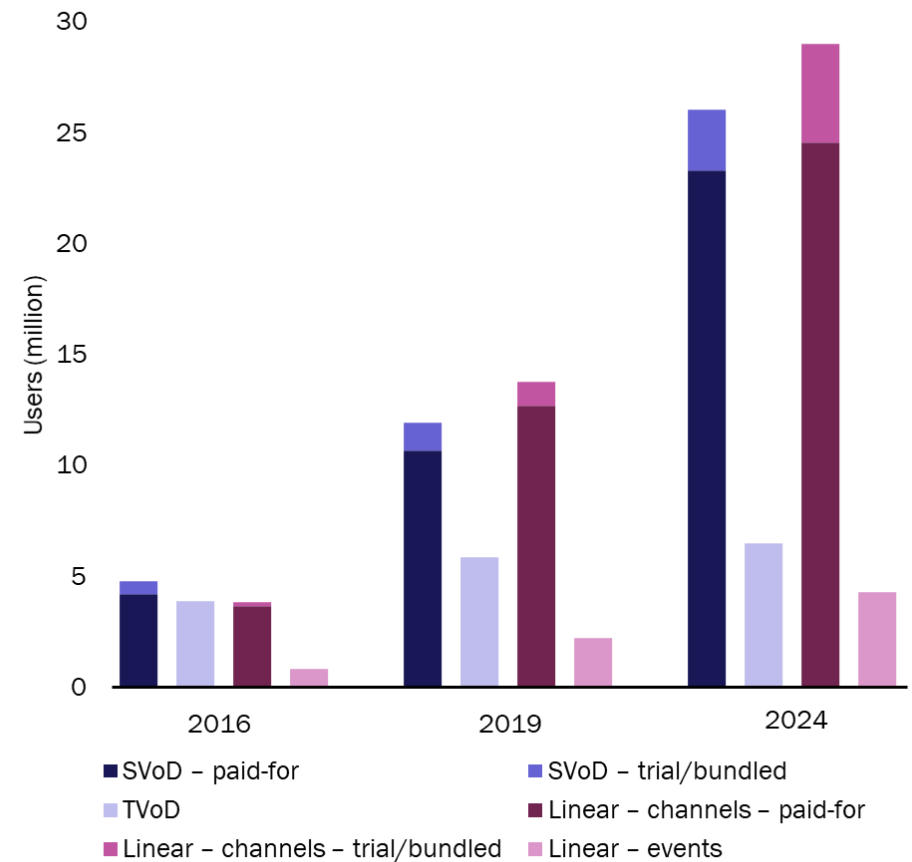
OTT video consumption in CEE is beginning to increase outside of the markets where OTT video was historically popular (such as Turkey). This increased consumption has partly been driven by continued crack-downs on piracy by local governments, but also by increased consumer choice. Many operators and pay-TV providers have launched OTT video services, and many international services (such as Disney+ and Apple TV+) will launch in the region in late 2019 and 2020.

The take-up of ‘linear channels’ services has kept pace with that of SVoD in CEE and will continue to do so. It has historically been, and will still be, driven by continued growth in the number of linear channels services users in Turkey; we forecast this to grow by 7.4 million between 2019 and 2024 to reach 16.2 million users. There will also be an extra 3.6 million users in Russia and an extra 3.1 million in Poland by 2024.

Much of the growth in the take-up of linear OTT video services will be driven by pay-TV providers. They are diversifying the ways in which they deliver content and are moving away from traditional access technologies. However, third-party providers also offer such services, often with some sort of association with operators, as is the case with HBO or TVN in Poland.

As a result, the total number of unique OTT video users in the region will approximately double, from 25.2 million in 2019 to 52.0 million in 2024. The total retail revenue for OTT video will almost triple to EUR3.1 billion over the same period.

Figure 12: OTT video users by business model, Central and Eastern Europe, 2016–2024



Source: Analysis Mason

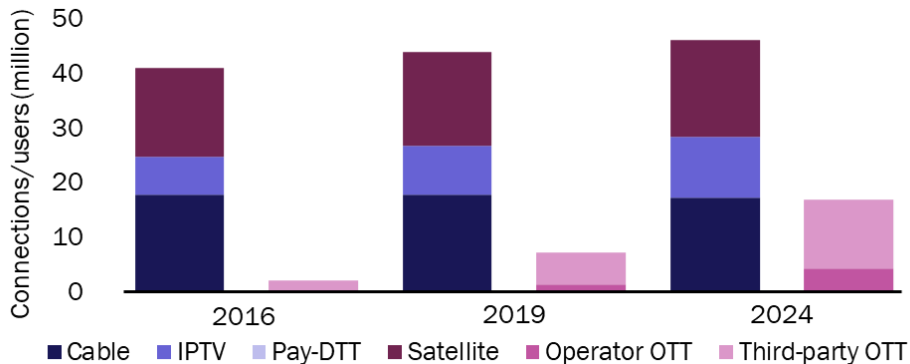
# Russia: cable-to-IPTV substitution, plus new users of affordable services, will lead to an increase in the number of IPTV connections and the total market



The largest Russian pay-TV providers tend to use multiple access technologies to deliver their services. These operators are slowly migrating towards IP-based delivery, but the rate of change differs by operator. Rostelecom and MTS are actively changing their access technology mix to favour IPTV over cable TV, while ER Telecom is promoting its cable TV service; this will slow the cable subscriber base decline in the next few years, but losses will then increase towards 2024.

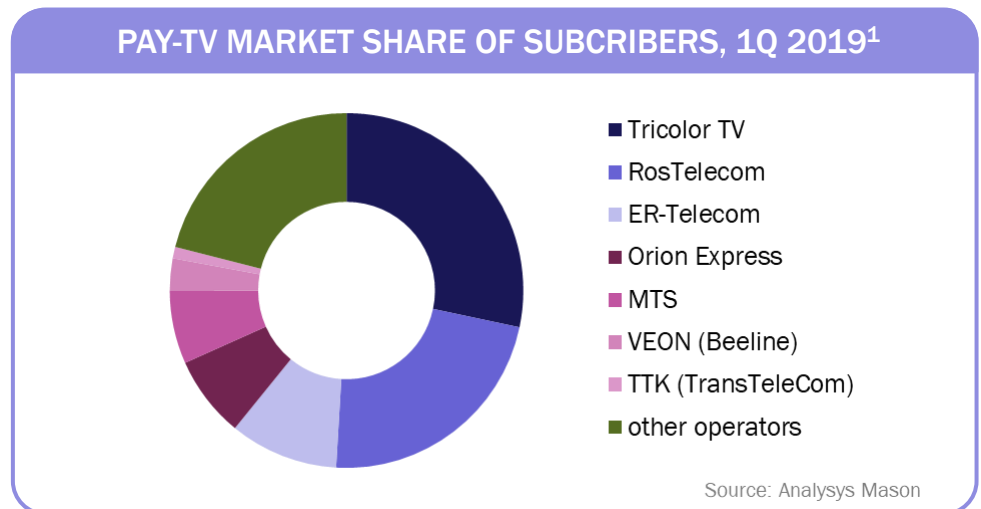
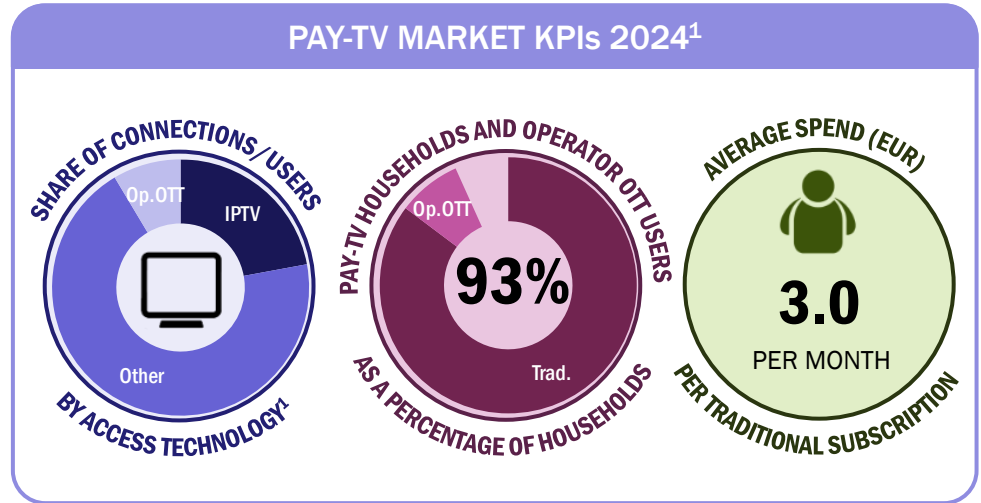
Around two thirds of our forecast growth in the number of IPTV connections (up 2.2 million to 11.2 million in 2024) can be attributed to cable substitution; the remainder will come from new or existing subscribers that are drawn to affordable multi-play bundles.

**Figure 19: Pay-TV connections and OTT video users by access technology, Russia, 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





Executive summary

Regional trends

Country-level trends

Czech Republic

Germany

Poland

Russia

Turkey

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 10 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.



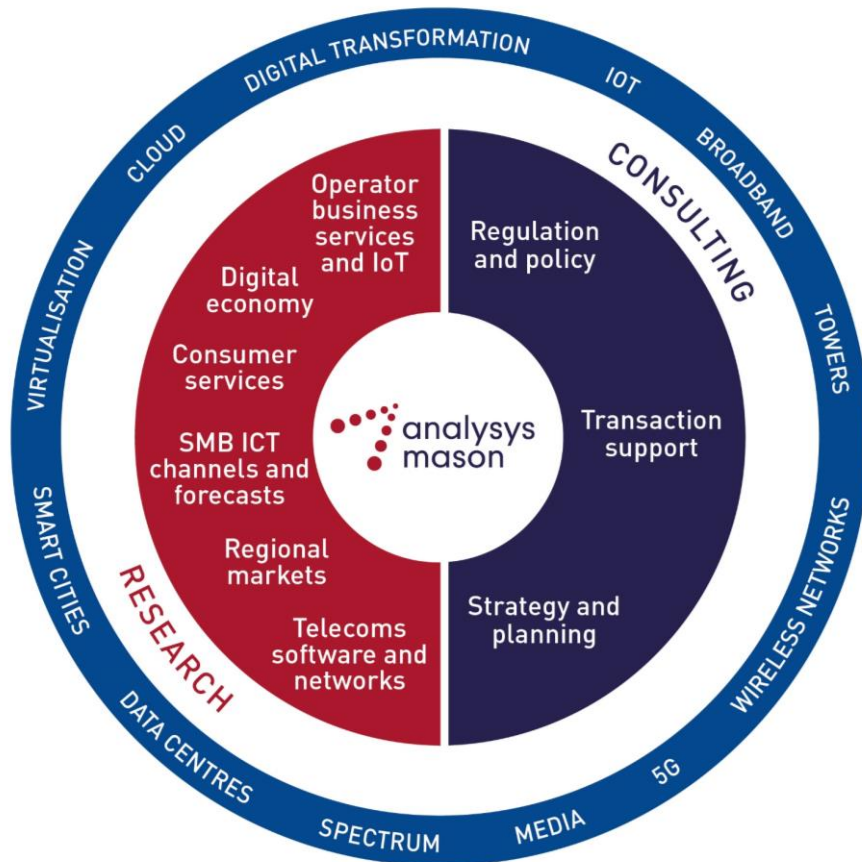
**Jakub Konieczny** (Research Analyst) is a member of the regional markets research team in London, contributing mainly to the *Telecoms Market Matrix*, *European Country Reports* and *Global Telecoms Data* research programmes. Jakub holds a BEng in petroleum engineering from the University of Aberdeen.



**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.

# Analysys Mason's consulting and research are uniquely positioned

## Analysys Mason's consulting services and research portfolio



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- Telecoms Software Market Shares
- Network-focused**
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- 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

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- 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

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

# Consulting from Analysys Mason

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- Ex-post/abuse of dominance
- Postal sector



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- Technical due diligence
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- Debt and initial public offerings (IPOs)
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- Technology optimisation
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