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MPA REPORT: INDONESIA VIDEO INDUSTRY EXPECTED TO GROW AT 8% CAGR OVER 2023-28 AS SHIFT TO ONLINE VIDEO ACCELERATES

(Singapore, August 10, 2023) Indonesia's video industry will continue to grow at a robust rate, according to the latest research published today by Media Partners Asia (MPA). The research covers the latest analysis across Free TV, Pay TV and Online Video sectors. Total video industry revenues are expected to grow at 8% CAGR, rising from US\$2.5 billion in 2023 to reach US\$3.7 billion. by 2028 with TV's share, including net advertising and subscription, dropping to 48% from 56% in 2023, as the shift to online video accelerates, led by UGC/social video and also including premium video-on-demand (VOD), including freemium and SVOD platforms.

TV advertising will grow at 4.5% CAGR over the next 5 years to end 2028 with a 40% market share versus 35% in 2023. SCMA and MNC will remain market leaders in terms of monetization with SCMA a clear beneficiary from the shift to DTT. Linear-based pay-TV adoption will continue to decline. Pay-TV's incremental growth remains anchored to bundles of home broadband and pay-TV offered by players such as Telkom Indonesia and Axiata-owned LinkNet.

Online's share of total video industry revenue will grow from 44% in 2023 to 52% by 2028. UGC / social video, driven by YouTube and TikTok, lead monetization and the UGC category is expected to grow advertising at a 12% CAGR over the next 5 years for a 26% share of total video industry revenues by 2028. SVOD is expected to grow at 11% CAGR over 2023-28 period, to grow market share in total video from 16% to 19%. Premium AVOD is forecast grow at 16% CAGR from a low base with total video industry market share rising from 5% to 7% over the 2023-28 period.

Indonesian content investment grew 13% in 2022 to US\$979 mil., representing Southeast Asia's largest video content market. FTA remains the largest video content investment vertical Online video content (local entertainment and sports) investment is the fastest growing as Netflix, Amazon and SCMA's Vidio continue to invest through 2023. MPA projects video industry content investment to grow 6% to just over US\$1 bil. in 2023 with online video rationalizing a notch.

Commenting on the latest findings, MPA executive director Vivek Couto said: "The advertising economy endured a poor 1H 2023; this will be partially offset by a stronger 2H 2023. TV is in the doldrums with annual ad declines over 2022 and 2023. TV ratings continue their gradual decline as audiences drift online. Free TV remains critical for mass ad campaigns, but growth is capped, held up largely by local consumer brands. Meanwhile, Indonesia remains Southeast Asia's most intense battleground for streamers. By consumption and value, it is the largest market in SEA. Improvements in the quality of local content, combined with the proven viability of Korea content and localized tier-1 US content, has helped drive user acquisition and engagement. More rational pricing and packaging is helping to slowly boost per subscriber economics. The challenge remains the growth of free VOD platforms YouTube and TikTok. Both dominate viewership on mobile while YouTube is also increasingly popular on CTV. YouTube also remains the VOD category leader in terms of revenues by some distance though TikTok is growing rapidly while Netflix leads SVOD."

About Us

Established in 2001, our mission is to serve companies focused on the creation, distribution and monetization of content, connectivity, data and related services across Asia Pacific. We provide definitive reports with proprietary industry models and forecasts. Our reports are widely used and sourced by local, regional and global companies for business planning, market strategy and capital market transactions.

MPA uses its deep strategic and operational knowledge of local markets to support corporate strategies driving growth. Our local market expertise provides clients with detailed country-level insights across media and telecoms, tracking key commercial and regulatory dynamics with relevant due diligence and strategy recommendations. Clients leverage our valuable local networks to engage with potential partners and create value. We offer customized services to guide strategic planning and business development activities and support the launch of new products and services.

MPA also provides commercial due diligence to assist companies investing in the TMT sector. Our services include independent consultant (IC) industry analysis and benchmarking for equity and debt offerings, including IPOs for broadcasting, digital media and telecommunications companies in Asia Pacific.

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