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# India Intelligence & Insights

**IPL 2023: Revenues Down 16% Y/Y But Still A Game-Changer**

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# IPL 2023: Revenues Down 16% Y/Y But Still A Game-Changer

## Key Highlights

- IPL 2023 wins audiences but lags on monetization with total ad revenues at US\$480 mil., down 16% Y/Y
- Digital surpasses TV, contributing 58% to total advertising revenue
- New dynamics set to play out in 2024 with advertising and CTV

For the 16th season of Indian Premier League (IPL), the rights owners – Star and Jio Cinema – went all out to democratize the sporting extravaganza, captivating over 400 mil. viewers each across television and digital mediums. Jio Cinema's free offering was bolstered by regional commentary in native languages. To counter this, Star decided to broadcast IPL across 22 channels with 12 select matches on Star Utsav Movies (free-to-air). Nevertheless, the division of media rights combined with a tough macro environment, made ad monetization equally challenging.

While the season ended on a high in terms of reach and viewership, it fell short on monetization. MPA estimates the 2023 season of IPL generated advertising revenues of US\$480 mil. across television and digital, lower by 16% compared to last year. MPA analysis is based on net realized revenues as opposed to bookings.

The tournament had several learnings and also brings to the forefront some critical issues. One positive is that Pay-TV remained resilient with subscriber win-backs on DTH, particularly on HD. Engagement on mobile remained strong. In addition, connected TV (CTV) came into play, drawing premium audiences and ad revenue. MPA estimates that CTV reach for Jio Cinema this year was ~25 mil. homes, helping the platform generate 30% of its total net ad revenues.

On the downside, the concept of the dual revenue streams seems to be fading away, as Jio's free offering resulted in the halving of subscription revenues for the season. We suspect Jio will need to keep IPL free again next year on mobile though it may play with new feature-based pricing models around CTV homes. The addressable CTV TAM in India today is 80 mil. and Jio Cinema will likely need to penetrate more than 50% of this base by next year to drive pricing power on ads and any relevant sub fees.

More significantly, the ad pie for both TV and digital will need to reach upwards of US\$750 mil. in aggregate by 2024 to try and help recoup some of the massive investments made in IPL rights. In any event with only another four seasons left to go, the rights owners will now focus heavily on local entertainment (where IP is owned in perpetuity) to drive ROI and long-term advertising growth.

## **IPL 2023 scores on Viewership, Reach, and Engagement.**

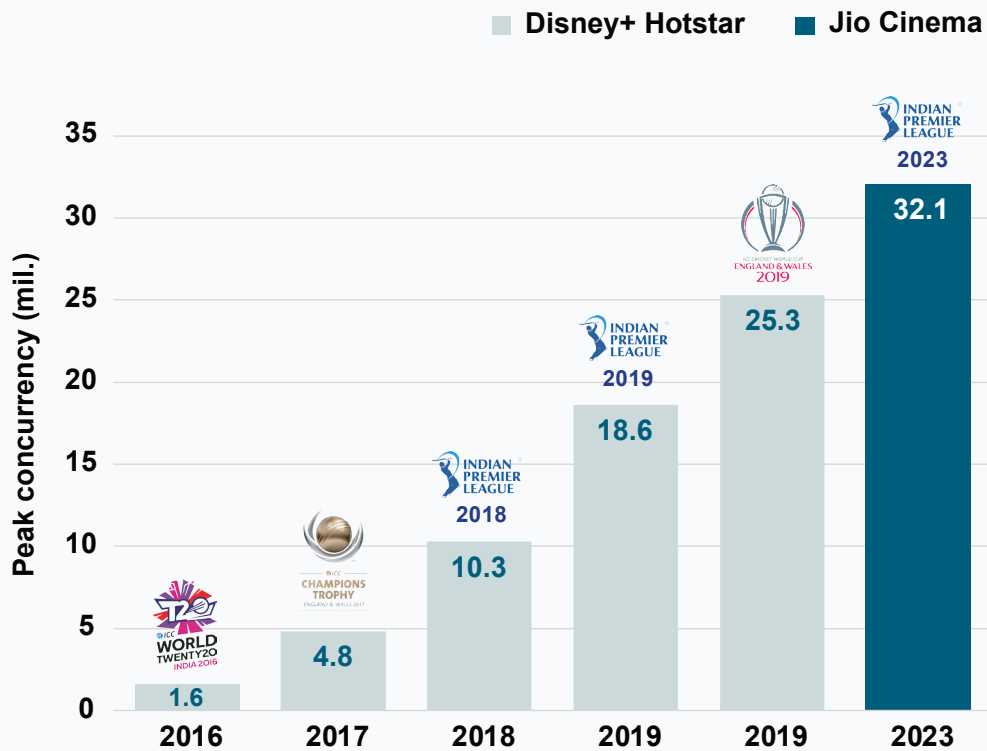
**TV.** As per BARC, total TV viewership grew by 22% compared to the previous season. The 2023 season recorded 134 mil. IPL-watching TV homes, achieving a 27% higher viewership with a total of 645 mil. viewing minutes and a 20% jump in reach at 426 mil. The decision to broadcast a dozen crucial IPL matches on the FTA channel *Star Utsav* significantly contributed to the rise in TV viewership. As a result, this season of IPL garnered the highest TV reach in Hindi-speaking markets.

Star also partnered with DTH incumbents like Airtel Digital TV and Tata Play to introduce interactive features. These included real-time highlights, comprehensive statistics from ESPN Cricinfo, subtitled feed, and ambience feed. Targeting premium households and younger demographics, Star achieved a 28% increase in IPL HD TV homes, reaching the highest-ever HD channel reach.

**Jio Cinema rebounded after tech glitches.** The revamped Jio Cinema app was launched in early October 2022, just six months ahead of the 16th season of IPL in April 2023. While the platform underwent crucial testing during the free live streaming of the FIFA World Cup in November 2022 and Women's IPL in March 2023, it faced the daunting task of accommodating the traffic surge during the country's most popular cricket tournament, which was offered free of charge. Notably, Jio Cinema achieved a milestone with over 25 mil. downloads in a single day. The majority of app installations occurred during the earlier weeks of the IPL, at a time when the platform experienced technical glitches given the burden of peak loads on back end systems. However, the platform largely rebounded from these challenges and enhanced the user experience.

Evidence of the Jio Cinema's success in engaging users was reflected in the reported average daily watch time per match, which exceeded 60 minutes towards the end of the tournament. The platform also introduced several new first-time features, including a 4K resolution feed, 17 simultaneous feeds in 12 languages, multi-cam views, a 360-degree perspective, and AR/VR feeds. These features provided users a more immersive viewing experience. During the highly competitive moments leading up to the IPL Finals, Jio Cinema also reached another milestone by achieving a live peak concurrency of 32.1 mil. Throughout the course of the finals, Jio Cinema served 120 mil. unique viewers.

## JIO CINEMA BREAKS THE WORLD RECORD OF PEAK CONCURRENCY VIEWERSHIP



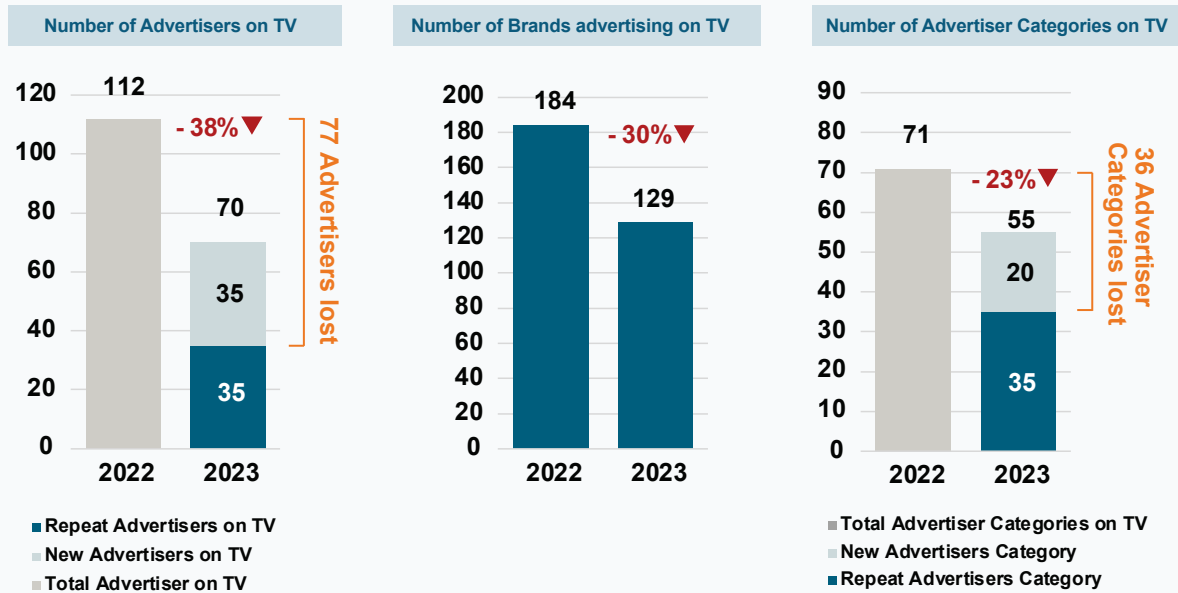
Source: MPA analysis

### Challenges on Ad Monetization.

In light of prevailing macroeconomic conditions characterized by an inflationary environment and soft consumer demand, the IPL 2023 faced significant challenges. These challenges were evident through subdued advertising revenues during the first quarter of 2023, as well as the prolonged “start-up funding winter.” Besides the constrained macro environment, the division of IPL media rights added complexity to ad monetization. Consequently, both TV and digital required innovative approaches to optimize ad monetization efforts.

Despite the surge in TV viewership and reach, for the 73 matches tracked by BARC, TV saw a 38% decline in the number of advertisers while the number of brands advertising declined by 30% and advertising categories fell by 23%, compared to the previous season of IPL. According to BARC, for the 73 matches, the average number of advertisement spots per match for TV dropped significantly by 52% compared to the previous season, from 111 in IPL 2022 to 53 in IPL 2023.

## NUMBER OF ADVERTISERS AND BRANDS ON TV REPORT A SHARP DECLINE



Source: BARC, Agency interviews, MPA analysis (till match no. 73)

In contrast, the digital medium presented brands with greater flexibility in terms of marketing budgets and targeting options. Arguably this led to a wider pool of advertisers participating, resulting in a robust demand funnel for Jio Cinema with over 800 advertisers, including more than 40 exclusively on CTV, and a tally of 26 sponsors.

Jio Cinema, however, faced its own set of challenges in fulfilling orders due to technical overload, particularly during the initial stages of the tournament. As such, the platform prioritized stabilizing its systems to ensure an uninterrupted consumer viewing experience.

The platform also received a significant ad boost from the aggressive investments made by the Reliance parent group's recent foray into FMCG, Telecom (5G), Retail, and other direct-to-consumer ventures. However, this also had a downside as direct competitors and leading advertisers like Airtel and Coca Cola refrained from advertising on the platform.

Despite all the ups and downs of the tournament, Jio Cinema's net ad revenue reaches an estimated US\$280 mil., surpassing television's US\$200 mil.

Total advertisement revenues generated in IPL 2023 stood at US\$480 mil. across television and digital, lower by 16% compared to last year. Growth in digital's ad revenues by 119% Y/Y was marred by a sharp 55% Y/Y decline for television.

## Learnings and Outlook.

**Pay-TV remains resilient.** The Pay-TV industry faced challenges prior to IPL as the industry subscriber base contracted from 120 mil. in 2021 to 107 mil. in 2022. Furthermore, channel price hikes with the implementation of NTO 3.0 in Feb. 2023 were not well received by cable operators. This resulted in channel blackouts, adding to industry churn. There was a general consensus that Jio's free IPL giveaway would lead to a significant decline in linear paying subscribers. In contrast, the Pay-TV subscriber base showed resilience, with DTH adding 0.5 mil. subscribers (including 0.4 mil. on HD) in April 2023. However, subscriber cadence for May will test the impact of 12 FTA match airings on *Star Utsav*.

**Jio Cinema reshapes the Premium Video landscape.** With the transfer of IPL's digital rights from Disney+ Hotstar to Jio Cinema, there has been a substantial migration of online paying audiences towards AVOD. As a result, the SVOD subs base in 2023 is projected to decline by MPA. The recently announced paid tier, Jio Cinema Premium, is priced competitively to lure high value subscribers of popular services like Netflix, Prime Video, and Disney+ Hotstar. Overtime, competition will intensify as Jio Cinema ramps up its slate of local premium entertainment.

**Subscription revenue stream fading.** The concept of the dual revenue streams seems to be fading away, potentially damaging a once lucrative Pay-TV segment. Subscribers are increasingly divided between free-to-air (FTA) services and hybrid/CTV platforms. On online video, a large part of incremental revenues will be fuelled by supply of the local premium inventory from Jio Cinema, including IPL and other marquee sports. Further, as Jio Cinema expands its local entertainment offering on AVOD, it will have a bearing on net new adds for some of the established SVOD players. SVOD majors Amazon Prime Video and Netflix are likely to introduce AVOD tiers to achieve deeper market penetration. Given the scale of content investment made by Jio Cinema, the platform will also need to consider incorporating feature-based or convenience-based subscriptions, especially targeting the expanding affluent audience accessing content through CTV devices.

**CTV takes centre stage.** IPL 2023 saw CTV at the forefront in engaging premium audiences with 4K rich media feeds. Jio Cinema reached ~25 mil. CTV homes, bringing in advertisers who were willing to pay top dollar to reach affluent households. As such, CTV accounted for almost 30% of the platform's advertising revenues during the season. Jio's push for home broadband, particularly with roll out of Jio Air Fibre coupled with the national roll of 5G, will fuel adoption of CTV in the coming years.

**Jio Cinema.** From a technological perspective, Jio Cinema has a 10-month period to enhance its capabilities and address issues encountered during the live streaming of IPL. Moreover, the platform will also aim to expand its advertiser base by developing a robust self-serving ad platform, targeting SME advertisers, currently a mainstay for incumbents YouTube and Facebook. On content, having secured multi-year deals with top Hollywood studios – Warner Bros. Discovery, NBCU and soon Paramount – the focus will be on expanding its subscription tier. Jio Cinema's local entertainment offerings will be influenced by its strategy to revamp the programming at its television network, Viacom18, driving its ad business across TV and AVOD.

## About Media Partners Asia

Media Partners Asia (MPA), established in 2001, is a leading independent provider of advisory, consulting and research services, focusing on media and telecoms in Asia Pacific and the Middle East. MPA also operates AMPD, launched in 2019. AMPD measures digital activity in 13 global markets using proprietary software, focused on video, content, advertising and connectivity sectors with detailed consumer and content insights. MPA has been involved in due diligence for M&A activity in APAC with numerous local and cross border transactions while also operating as an IC (Independent Consultant) in the IPOs of media and telecoms companies. MPA hosts and operates APOS, the leading annual summit for Asia's TMT industry with global impact.

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