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Asia Pacific Online Video Opportunity To Scale To US\$73 Billion By 2027 / US\$43 Billion, Ex-China.

Asia Pacific online subscription video on demand (SVOD) is forecast to grow 19% in 2022 to US\$24.6 bil. in revenues with China contributing 51%. Ex-China, the Asia Pacific SVOD sector grew revenues by 25% Y/Y to US\$12.0 bil. in 2022. SVOD revenue is projected to reach US\$19.1 bil. by 2027 in APAC ex-China and US\$36.5 bil. with China.

Advertising video on demand (AVOD) forecast to generate US\$24.6 bil. in 2022 in APAC, up 13% Y/Y. APAC ex-China drove US\$13.4 bil., up 24% Y/Y. YouTube leads with an estimated 42% share of the APAC ex-China AVOD pie in 2022. Meta Video is also sizable.

AVOD is forecast to grow at an 8% CAGR over 2022-27 to reach US\$37.6 bil. in APAC. APAC ex-China to grow at 12% CAGR to reach US\$23.7 bil. APAC ex-China UGC AVOD share is expected to reduce from 80% in 2022 to 76% in 2027 as the premium AVOD category, led by BVOD platforms, expands.

Top 20 online video platforms account for 67% of the total APAC online video revenue pie in 2022. Ex-China, leaders include YouTube, Netflix, Amazon Prime Video, Disney+/Disney+ Hotstar, key local players in Japan, Korea, Australia and SEA such as Yahoo! Japan, TVer, Stan, Vidio and Viu.

APAC's total addressable market continues to expand with 78% of the ex-China population accessing 4G, 5G and fibre-enabled connectivity in 2022, while fixed broadband penetration reaches 31%.

(SINGAPORE, 25 JULY 2022). Analysis released by Media Partners Asia (MPA) today indicate that total Asia Pacific online video industry revenue will grow by 16% year-on-year in 2022 to reach US\$49.2 billion, according to the new report **Asia Pacific Online Video & Broadband Distribution 2022**, published by MPA. SVOD will contribute 50%; UGC AVOD, 37% and Premium AVOD, 13%. The industry is to grow at an 8% CAGR to reach US\$72.7 billion in 2027, with SVOD:AVOD ratios remaining stable. Ex-China, the APAC online video industry will grow 24% in 2022 to reach US\$25.6 billion in revenue with SVOD contributing 47%; UGC AVOD, 43%; and Premium AVOD, 10%. Ex-China APAC online video revenues are forecast to grow at a CAGR of 11% to US\$42.8 billion by 2027, with SVOD at 44%; UGC AVOD, 43% and Premium AVOD, 13%.

Commenting on the findings of the report, MPA executive director Vivek Couto said:

“Investors are increasingly focused on enhanced scale, improved monetization and real profitability across global, local and regional online video platforms. In this context, the role of Asia Pacific continues to have a critical role in the future of the global online video industry. The region remains the largest growth contributor to global online video customers and users today and is emerging as a significant contributor to revenue growth. With the US and Europe fast maturing and China inaccessible, APAC’s large markets – India, Indonesia, Japan, Korea and Thailand – will be increasingly important to global platforms. Each of these markets require local content and distribution strategies with long-term investment.

Key themes are emerging: (1) The availability of high-quality local content online with travelability is growing, led by Korea, Japan, China, India, Thailand and Taiwan; (2) Premium sports rights (i.e. football, cricket) are transitioning online in markets such as Australia, India, Indonesia, Korea, Singapore and Thailand; (3) Growth at any cost models are fast transitioning towards more rational models, anchored to monetizable reach through telcos and organic, direct customer funnels. (4) Inflationary content costs remain a challenge, especially India, Japan, Korea and increasingly, Thailand. A more strategic and partnership driven model may help alleviate production ecosystem pressure. (5) Online piracy levels are also alarmingly high in markets such as India and across Southeast Asia; and (6) Growing incomes and a rising middle class has helped drive affordability in emerging markets but monetizable demand for online video services remains largely confined to large urban markets with huge untapped demand in micro ARPU rural and second / third-tier regions. This is likely to change in India and Indonesia in particular in the future.”

KEY MARKETS

China, APAC's largest market, will generate US\$11.2 billion in revenue in 2022, representing 48% of the APAC online video revenue pie. Two long-form platforms Tencent Video and iQIYI, and two short-form video players ByteDance and Kuaishou lead, will capture ~70% of China's online video revenue in 2022. Despite regulatory hurdles and market maturity, China will remain APAC's largest online video market, growing at a CAGR of 5% over 2022-27 to top US\$30 billion or 42% of the APAC online video revenue pie, by 2027. China's online video market is insular and largely closed to international streamers.

Australia is a high revenue generating online video market. SVOD has reached maturity with household penetration at 85% in 2022, higher than even the USA globally.

Japan and Korea house high-ARPU and relatively high-CPM audiences, with significant growth potential as SVOD penetration of households is not yet saturated at 49% and 42% respectively. Content from Japan and Korea have proven global travelability, allowing local content investment to be monetized internationally by multi-market players. Ex-China, Japan is APAC's largest OTT revenue market, generating US\$9.7 billion in 2022 and forecast to grow to US\$14.7 billion by 2027.

India's streaming OTT video market is in its second growth phase with total revenues of US\$3 billion in 2022 expected to more than double to almost US\$7 billion by 2027. Competitive intensity is set to grow between global giants and newly capitalized local players. Telco reach remains critical in the market along with AVOD business models and low-ARPU, high volume SVOD services. Five leading platforms – YouTube, Meta, Disney+ Hotstar, Amazon Prime Video and Netflix – will account for a combined 82% of total online video revenues in 2022.

Indonesia is Southeast Asia's largest online video market, generating close to US\$1 billion in revenue in 2022 with advertising contributing 62% and subscription 38%. The premium video sector (SVOD and premium inventory) has emerged as a material revenue generator. Five major players – Netflix, Vidio, Disney+ Hotstar, MNC Digital and Viu – will account for 75% of premium video revenue in 2022. Amazon Prime Video will expand its Indonesia SVOD service after August 2022.

Thailand's online video industry is forecast to generate US\$809 mil. in revenue in 2022. Thailand's accessible and sizeable content creation ecosystem has historically had stronger production values than other Southeast Asian markets, positioning the market for a potentially transformational period as streamers such as Netflix, Disney+ Hotstar, WeTV, Viu and others scale local content investment.

TAM & PARTNERSHIPS

The total addressable market (TAM) for high-speed broadband continues to expand rapidly in the Asia Pacific with greater 4G, 5G and fiber-enabled connectivity. Ex-China, combined 4G and 5G users will reach 78% of the population across APAC in 2022 while fiber driven fixed broadband penetration will reach 31%. Telcos, connected TV (CTV) operators and pay-TV operators remain important aggregators of SVOD, freemium and AVOD services, contributing between 20-80% to OTT video platform reach, depending on the market. Rising CTV penetration and big screen consumption is helping fuel advertising growth across YouTube and premium AVOD platforms, led by BVOD players in particular, while also bolstering demand and monetization at SVOD platforms.

KEY PLATFORMS

According to MPA analysis, 20 online video platforms will account for 67% of the total APAC online video revenue pie.

YouTube leads with an estimated 42% share of the APAC ex-China AVOD pie in 2022. Meta Video is also sizable. Both YouTube and Meta are being challenged by China's ByteDance, which owns and operates TikTok in international markets. TikTok's consumption continues to soar in Southeast Asia in particular with its short videos and monetization is building. YouTube still dominates in Japan and Korea.

In the global SVOD category in APAC, Netflix, Disney and Amazon lead.

According to MPA, the three players will have a 56% share in aggregate of the APAC ex-China SVOD pie in 2022 with Netflix at 33%; Amazon Prime Video, 12%; and Disney+ (including Disney+ Hotstar) at 11%.

Netflix established an early lead given its launch and expansion in APAC after 2015-16 and success with premium Korean and Japanese content in particular. Its share of revenues has declined however from 35% in 2021. Disney+ and Disney+ Hotstar services are building scale, local content investment and monetization in markets such as Australia, India, Indonesia, and Thailand while also expanding in high ARPU, strong local markets such as Japan. A third of revenues come from India however, where it has recently lost digital rights to the highly successful IPL cricket franchise to Viacom18. Prime Video leads the Japan SVOD category while also growing rapidly in India and is now set to expand in key Southeast Asia markets in Q4 2022.

In the local and regional category, successful platforms are emerging in Australia, Indonesia, Japan, and Korea. Indonesia's Vidio, owned by Emtek's SCMA Group, is leveraging content production synergies and a library of popular local entertainment content and sports rights, to drive a potentially large scale SVOD business. Australia's Stan is on a similar SVOD trajectory but faces greater competition from global giants and is more reliant on licensed and acquired content.

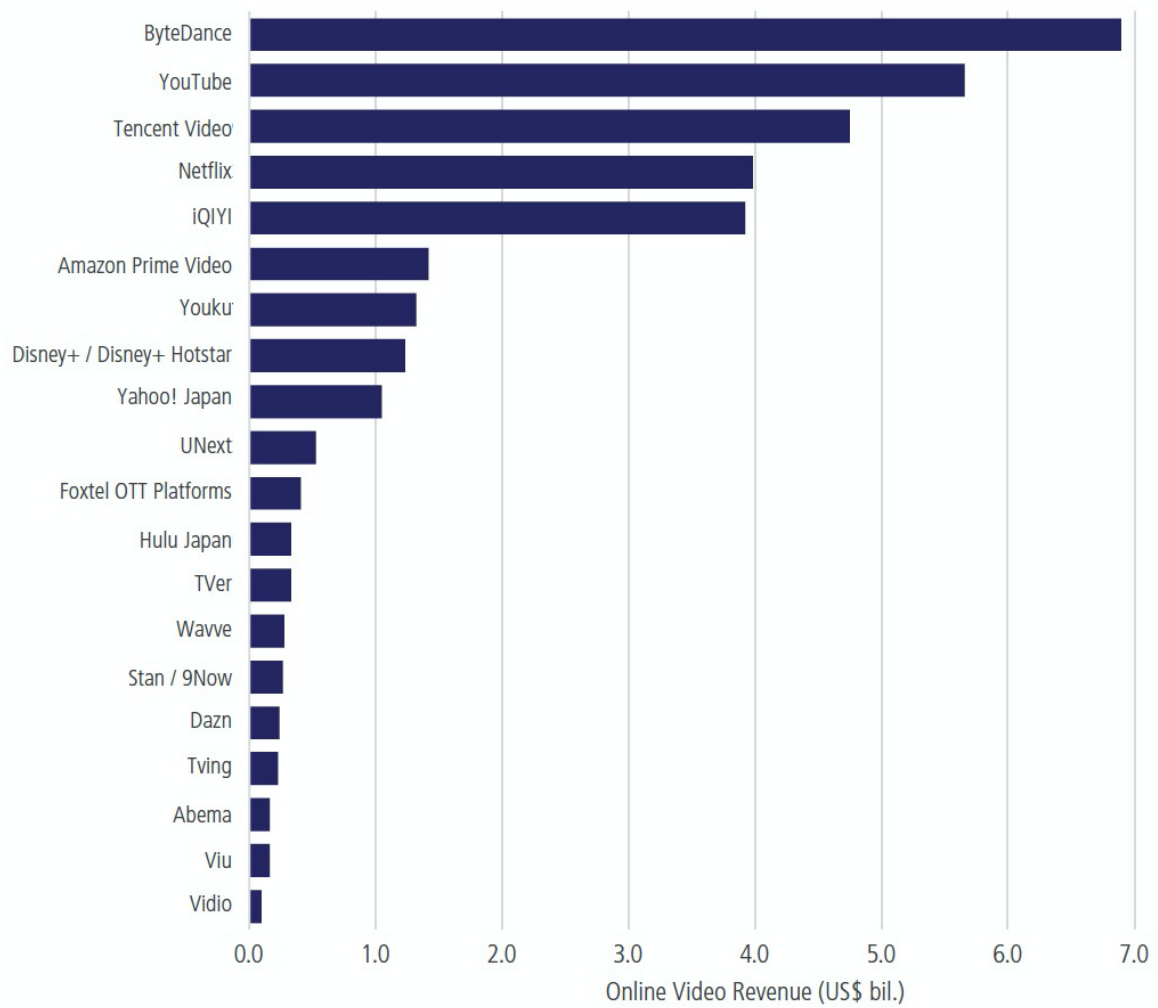
In Korea, Tving from CJ ENM and Wavve from SK Telecom and Korea's major FTA networks, have also reached a level of SVOD scale but consolidation in the market is likely. Consolidation is also likely to occur in Japan where Hulu Japan and UNext have emerged as important local SVOD platforms.

BVOD, led by 9Now and 7Plus in Australia, is an important category helping to drive premium video advertising growth while also enabling TV broadcasters to expand online with a potential high margin business. The same applies to TVer in Japan, owned by Japan's five largest TV networks. Indonesia and Thailand have significant BVOD potential.

In Southeast Asia, Viu is a major proxy for premium advertising growth and a freemium business model. Ad-supported SVOD models will launch across Asia Pacific in 2023-24, led by Netflix and Disney+.

In India, new local players with deep pockets are gearing up to grab market share, led by a newly recapitalized Viacom18, backed by strategics Reliance, Bodhi Tree and Paramount while domestic incumbents Zee and Sony are merging to create a strong TV / online video business. Going forward, Viacom18's new streaming platform, leveraging IPL cricket and local entertainment, will emerge as an important player in the AVOD space in particular, grabbing material share over time as it leverages massive reach via Jio mobile and connected TV.

LEADING APAC ONLINE VIDEO PLATFORMS BY REVENUE (2022)



Note: ByteDance includes Douyin, Xigua / Huoshan in China & TikTok outside China.
Source: Media Partners Asia



About Asia Pacific Online Video & Broadband Distribution 2022

This comprehensive report reviews the drivers and dynamics shaping the fast-moving online video and broadband industries across 14 Asia Pacific markets with analysis of online video subscribers and ARPUs; subscription revenues; UGC / social video, premium video and total internet advertising revenues; SVOD household penetration and average number of services per home; SVOD & AVOD revenue market share across key operators; mobile & home broadband penetration and subscribers by technology, ARPUs and revenues; online video distribution, pricing & packaging, telco partnerships & integrations across more than 100 operators; and key regulatory, commercial and infrastructural developments.

About Media Partners Asia (MPA)

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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