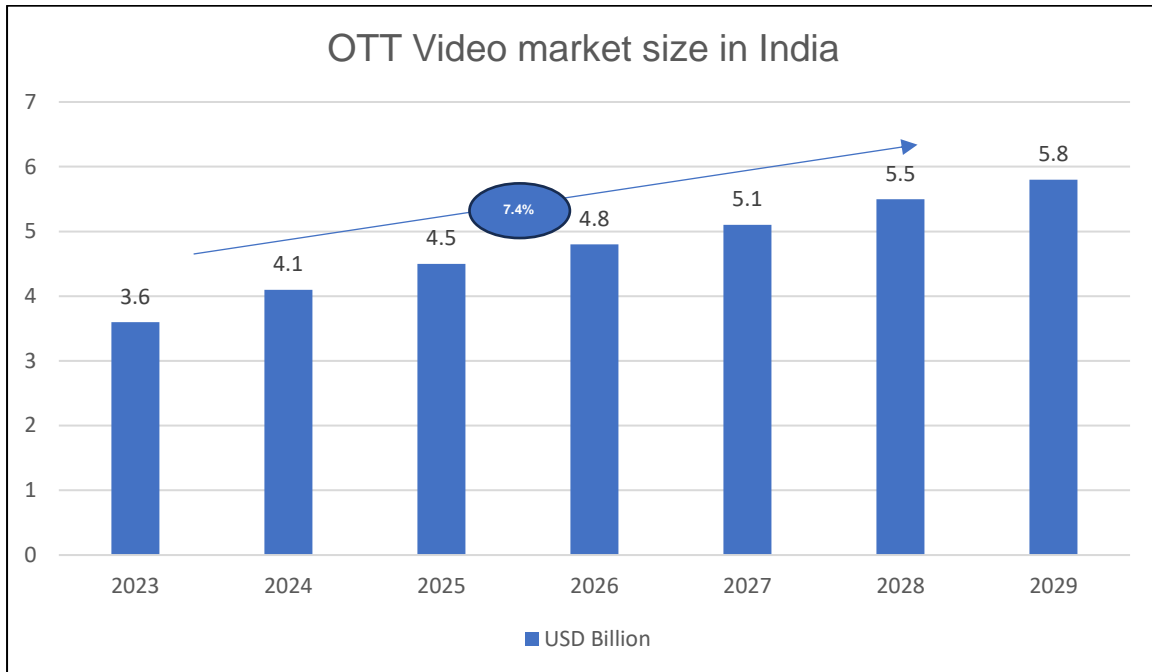


Reliance Disney Merger: A Game Changer with Concerns



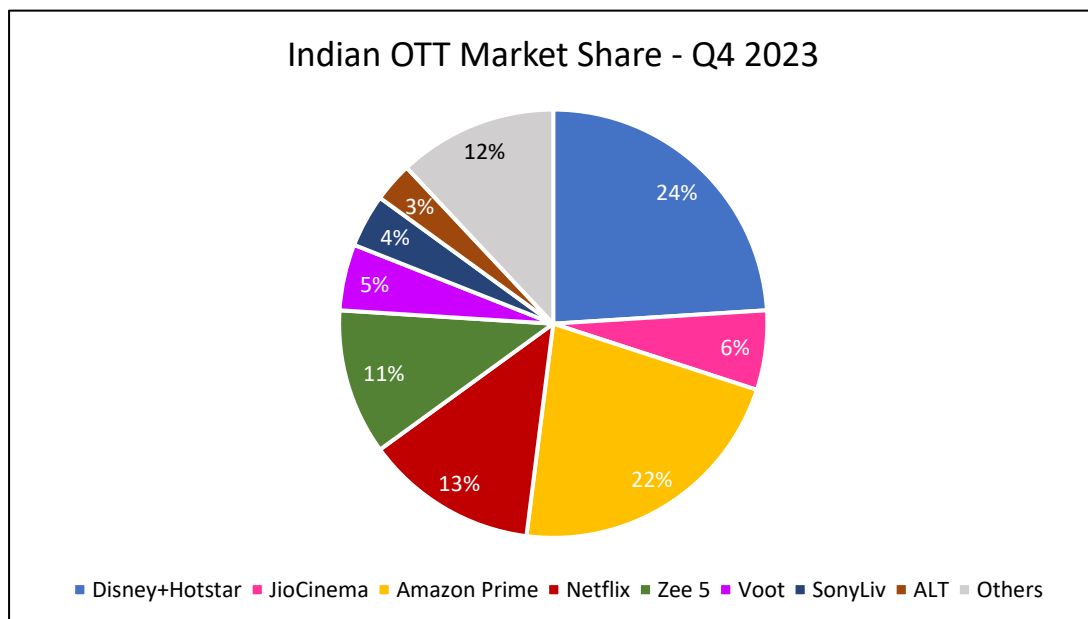
The Indian OTT market is experiencing exponential growth, driven by increasing internet penetration, affordable smartphones, and a growing appetite for digital content. According to a report by Media Partners Asia, the Indian OTT market is expected to reach a subscriber base exceeding 500 million by 2025. The OTT Video market in India is expected to show an annual growth rate of 7.43%, resulting in a projected size of USD 5.81bn by 2029



Source: Statista

According to JustWatch as of Q4 2023, the Indian OTT market was dominated by the following players:

- **Disney+ Hotstar:** Holding the largest market share of approximately 24%, Hotstar enjoyed a significant lead in the market.
- **JioCinema:** Owned by Reliance, JioCinema held a market share of around 6%.



- **Other players:** Several other players held the remaining market share, including Amazon Prime, Netflix, SonyLIV, Zee5, and Voot.

According to a report by EY, there was a notable shift in the landscape of OTT content between 2020 and 2022. Initially, 30% of OTT originals were in regional languages, but by 2022, this figure had surged to 50%. Projections indicate a further rise, with vernacular content expected to constitute over 62% of total content production by 2025.

While the primary viewership remains concentrated in the top eight Indian languages - Hindi, Marathi, Bengali, Tamil, Telugu, etc. - there's a noticeable uptick in content consumption across other languages such as Bhojpuri, Gujarati, Punjabi, etc.

The merger could reshape market share significantly, potentially surpassing 30%. With its large user base and content library, the combined entity's dominance may bring both positive and negative outcomes.

Potential Benefits:

1. **Content Superpower:** The merger would form a content giant with a vast library of Indian and international titles, likely attracting viewers seeking comprehensive entertainment options and potentially boosting subscriber numbers. It combines Disney Star's extensive library, including a variety of original content such as movies, documentaries, live-action and animated series, and short-form content, with Viacom's Tipping Point, known for digital content creation. This collaboration may also increase original content production, leveraging the combined resources of both entities, with a potential emphasis on Disney Star's existing strengths in genres such as animation and fantasy.
2. **Streamlined User Experience:** The consolidation might lead to streamlining of content across platforms, reducing the need for multiple subscriptions and making content discovery easier for viewers.
3. **Enhanced Customer Acquisition and Retention:** Reliance can leverage its existing subscriber base to promote and bundle subscriptions to the combined OTT platform alongside Jio's telecom and broadband services. This could attract new subscribers and incentivize existing ones to remain with Jio.
4. **Data-Driven Content Creation:** Combining Disney's global data analytics expertise with Viacom18's understanding of regional audiences can lead to content that resonates deeply with specific cultural contexts. Imagine regional shows tailored to the viewing preferences of Bengali audiences.

Potential Concerns:

Reduced Competition - A Looming Monopoly?: The merger could stifle competition, leading to less innovation, higher subscription costs, and a stagnant OTT ecosystem. Smaller players might struggle, raising concerns about diversity. Despite investments in regional content, Hindi content dominance (40% of views in 2023 according to experts) could persist, reinforcing a Hindi content monopoly.

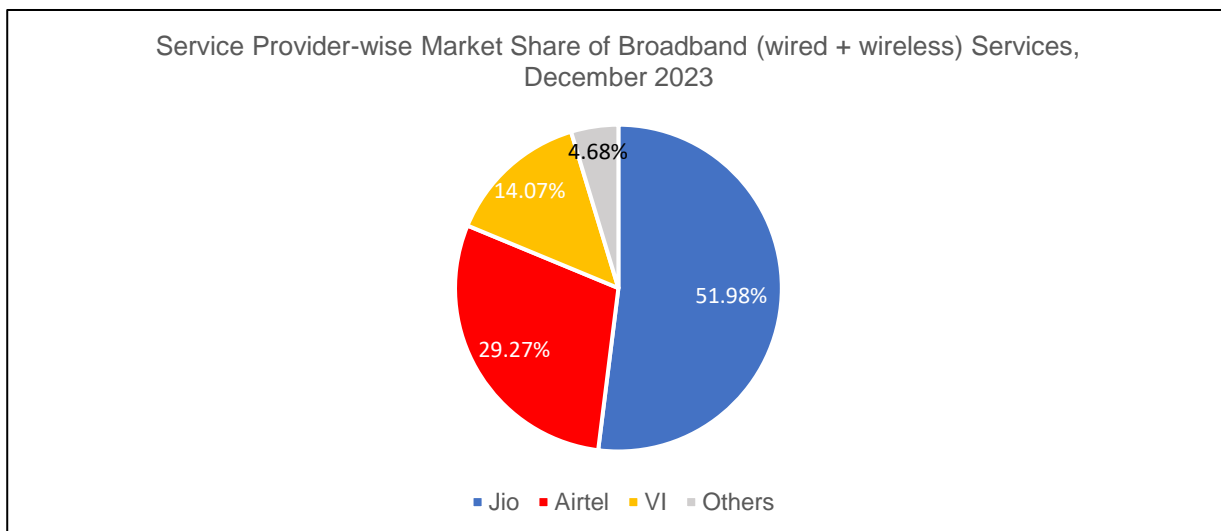
Balancing Profit and User Satisfaction: The merged entity must carefully manage pricing to retain and attract subscribers in a price-sensitive market. Dominating sports rights, the entity could dictate terms, reduce competition, and raise viewer costs over time.

Increased Advertising Rates: Experts predict a 20-25% increase in advertising rates due to the merger's enhanced bargaining power. With projected advertising revenue of \$28.3 billion by 2025, the merged entity could significantly influence industry-wide ad rates.

Jio as a Telecom Provider: A Crucial Link

It's crucial to recognize the role of Jio, Reliance's telecom arm, in this potential acquisition. Jio boasts a massive user base exceeding 400 million subscribers. This subscriber base becomes a powerful distribution channel for the combined entity of Hotstar and Jio's own OTT platform, JioCinema. This unique synergy between a leading telecom provider and a prominent OTT platform presents both opportunities and challenges for Reliance.

As per TRAI, Reliance Jio Infocom Ltd had 470.19 million broadband (Wired + Wireless) subscribers as on December, 2023.



Looking Ahead: A Dynamic Future

The proposed Reliance and Disney+ Hotstar merger could transform the Indian OTT landscape. With Disney+ Hotstar's global franchises and Reliance's regional content expertise, it promises synergies but faces regulatory and competition uncertainties.

Synergy in Action: Disney+ Hotstar's franchises (Marvel, Star Wars, Pixar) combined with Viacom18's regional content could create a comprehensive platform, reshaping Indian entertainment consumption.

Bigger Budgets, Brighter Productions: The merger might allow bigger budgets for original productions, attracting top talent and enhancing content quality.

The merger's future remains uncertain, with regulatory navigation and competition impacts still in question.

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