

Disney+ Hotstar changes course in India

With a market share of 29% of India's 171m subscribers, the SVoD leader shifts to focus on profitability and ARPU

London, 3rd July 2023: The latest research from Ampere Analysis reveals that India's leading streaming service Disney+ Hotstar has changed its strategic focus in response to rising costs, in particular sports rights costs. Rather than pursuing new subscribers at any price, the player is pivoting towards a focus on profitability and increasing ARPU (Average Revenue per Subscriber).

Despite recent subscriber declines, Disney+ Hotstar still leads the market and holds a 29% streaming market share. As of Q1 2023, Disney+ Hotstar had about 50 million subscriptions, outstripping other global SVoDs in India including Amazon Prime Video (12.4 million) and Netflix (6.2 million). Ampere expects it to remain the market leader despite some of the recent market changes.

Ampere believes that there are two key elements to Disney+ Hotstar's current cost control strategy:

- **Cost management around sports rights** is a priority for the business, as illustrated by the company's withdrawal from the IPL rights auction earlier in 2022. Ampere estimates that this saved the company a figure just short of twice its entire streaming revenue from the past five years.
- **Cautiousness around acquired content spending** has paralleled this. Disney+ Hotstar is being more careful in its spending, especially on acquiring titles. It ended its licensing deal with Warner Bros. Discovery in March 2023 and did not bid for rights to distribute Paramount and NBCU titles in India. All three Hollywood studios' content are instead sitting on Jio Cinema, which is also the home streamer for the IPL.

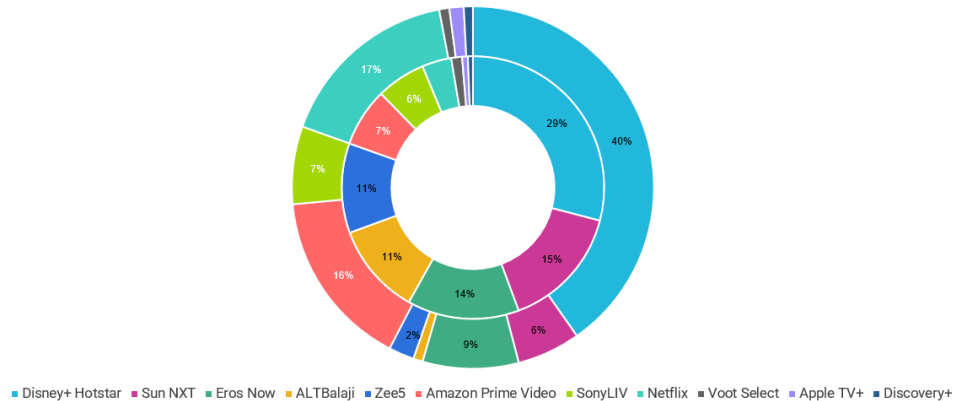
Ampere believes that to support ARPU growth, Disney+ Hotstar also needs to review its partnership deals with mobile telcos and encourage direct subscription. Currently, it has distribution deals with all top three mobile telcos in India. Certain mobile or broadband customers with Reliance Jio, Bharti Airtel, and Vodafone have free access to Disney+

Hotstar. While such bundling deals increase service adoption and support reach for ad sales, they impact subscription ARPU. Disney+ Hotstar’s ARPU was just at \$0.59 in 2023Q1, over 10 times lower than the \$6.47 of the core Disney+ service.



Subscription and revenue share of Indian SVoDs, 2023 Q1

Inner circle: Subscription market share (%)
Outer circle: Revenue market share (%)



Source: Ampere Markets - Operators

Orina Zhao, Senior Analyst at Ampere Analysis says: “With India set to keep its position as the world’s third largest SVoD market after the US and China with an expected growth to 180m subscriptions in 2027, it is important for Disney+ Hotstar to balance its content expenditure and subscription retention and acquisition. Jio Cinema is expected to announce more standard subscription plans later this year which will increase direct competition with existing players and change the ecosystem of the market. Disney+ Hotstar still owns 123 of the top 500 most popular titles in India, by Ampere’s estimates, which places it behind Amazon Prime but ahead of Netflix (117 titles) and far ahead of Jio Cinema (38 titles), but now needs to find new sustainable strategies to improve profitability while maintaining its significant subscriber base in India.”

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About Ampere Analysis

Founded in January 2015, Ampere Analysis is a new breed of media analyst firm. The company's experienced team of sector-leading industry analysts specialises in sport, games, pay and multiscreen TV and next-generation content distribution. Our founders have more than 60 years combined experience of providing data, forecasts and consulting to the major film studios, telecoms and pay TV operators, technology companies, TV channel groups and investment banks.

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