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Original Article

Anticipated Developments in OTT Platforms Over the Next Few Years

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Abstract *- The OTT platform industry is continuously evolving and advancing, and there are a number of anticipated developments expected over the next few years. The use of subscription-based models will continue to grow as it provides a reliable source of revenue for platforms and a predictable cost for consumers. Furthermore, the rise of ad-supported models is expected to gain traction as a way to increase accessibility to content and cater to those who cannot afford a subscription. The development of new technologies, such as virtual and augmented reality, will offer a new dimension to the viewing experience and may become a key differentiator for platforms. Additionally, advancements in streaming quality and device capabilities are expected to enhance the overall viewing experience and attract more consumers. This article aims to explore the anticipated advancements in OTT platforms, including the emergence of new players in the market, changes in content distribution and monetization strategies, the role of artificial intelligence and machine learning, and the impact of 5G technology. These developments will shape the future of the entertainment industry and have far-reaching implications for consumers, content creators, and distributors alike. Understanding these anticipated changes is crucial for anyone with a stake in the entertainment industry to stay ahead of the curve and remain competitive.*

Keywords *- Over-the-top (OTT), Streaming, Media, SmartTV, Mobile, SVOD, AVOD, TVOD, AI/ML.*

1. Introduction

In recent years, there has been a notable trend in the media and entertainment industry towards adopting Over-The-Top (OTT) platforms, which have revolutionized how people consume entertainment. With the rise of streaming services such as Netflix, Amazon Prime, Hulu, Hotstar, AppleTV+, Pluto, Paramount+, and Disney+, traditional television providers are facing increasing competition. Consumers now have access to a vast array of content they can watch on their own terms, at any time and on any device. These platforms have gained immense popularity and are expected to undergo a rapid evolution in the next few years, fueled by technological advancements. As a result, new opportunities and challenges are expected to arise in the market for OTT platforms. The implications of these developments for consumers, content creators, and distributors are significant. As such, understanding the direction in which the market is headed is crucial for those interested in the entertainment industry. This article will provide insight into the anticipated changes and their likely impact on the future of the OTT industry.

2. OTT Trends

The OTT industry has experienced a swift surge in recent years, eliminating the need for traditional TV viewing to enjoy preferred shows. OTT platforms invest heavily in creating original content, including TV shows, movies, and documentaries. While live sports have traditionally been broadcast on cable and satellite TV, many OTT platforms now offer live sports streaming as part of their services. This trend is expected to continue as more consumers cut the cord and look for alternative ways to watch their favorite sports events.

Some OTT platforms are experimenting with ad-supported models to offer free content to users. This trend is expected to continue as more platforms look for ways to monetize their services without relying solely on subscription fees. OTT platforms are leveraging advanced algorithms and data analytics to provide personalized viewing recommendations to their users. With the widespread use of smartphones and tablets, OTT platforms are focusing on optimizing their services for mobile devices. They offer mobile apps and responsive designs to enhance the viewing experience on smaller screens. This trend is expected to continue as platforms strive to enhance user engagement and retention.

OTT platforms are continuing to invest in original content production as a means to differentiate themselves and attract subscribers. They are expected to expand their global reach by creating localized content for specific markets and catering to diverse cultural preferences. Currently,

individuals favor streaming their desired programs on OTT platforms such as Amazon Prime, Netflix, Apple TV+, Paramount+, Disney+, FuboTV, Pluto, Tubi, and Peacock, among others. Consequently, the global OTT market has exceeded $150.51 billion as of 2021 and is projected to grow at an impressive rate of 29.4% to reach $1241.6 billion by 2030.

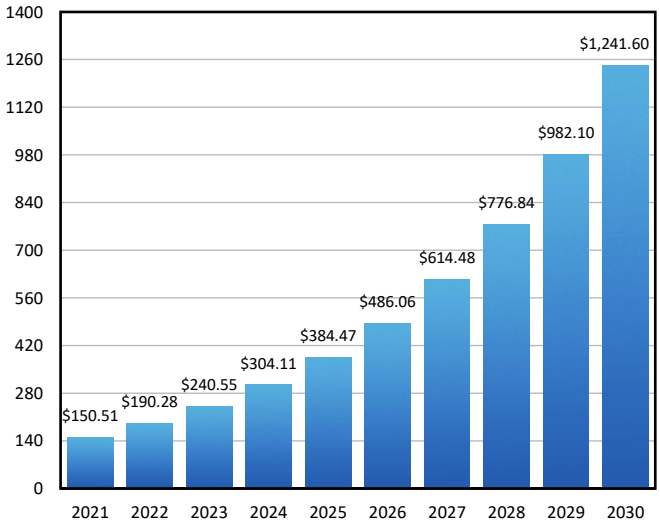

Fig. 1 Market Revenue Size - 2021 to 2030 (USD Billion)

3. OTT Market Trends by Device

Several surveys have compared the performance of OTT platforms across various devices, including smartphones, smart TVs, PCs, and gaming consoles, which we will explore further.

3.1. Smartphone

Due to the emergence of 5G capabilities and the continuous release of new smartphones, the smartphone category is expected to lead the market. With the prevalence of smartphones, mobile devices play an important role in the OTT business. Users can stream content on the go, and OTT services frequently include mobile apps suited for smaller screens. As predicted, mobile devices have the largest viewership for OTT streaming, and the number of individuals utilizing this platform is projected to increase considerably from 2021 to 2030, with a substantial surge of over 90%. This trend is anticipated to continue to expand in the foreseeable future.

3.2. SmartTVs / Connected TVs

Following smartphones, smart TVs / Connected TVs come in second. Smart TVs have grown in popularity as a convenient means for users to access OTT content directly on their televisions. Many OTT providers provide dedicated apps for smart TVs, allowing for smooth streaming without the use of extra devices. Despite smart TVs only achieving half the viewership of smartphones, they are among the most rapidly expanding devices for OTT consumption. In comparison to 2021, it is anticipated that OTT streaming through smart TVs will increase by 85% in 2030. With the incorporation of the 5G network, smart TVs are likely to pose a significant challenge to smartphones in OTT streaming.

3.3. Laptops, Desktops and Tablets

PCs, laptops and tablets play a crucial role in OTT consumption. They are favored for their larger screens, multitasking capabilities, and ability to simultaneously use them for work or personal activities while streaming content.

In 2021, the collective viewership of laptops, desktops, and tablets was nearly equivalent to the viewership on smart TVs. However, as we advance towards 2030, specialists anticipate a slight decline in the viewership of laptops/desktops compared to smart TVs.

3.4. Streaming Boxes and Sticks

Streaming boxes and sticks, such as Amazon Fire TV, Roku, and Google Chromecast, have been popular among consumers who do not have smart TVs. These devices allow users to access OTT content on their TV sets, making it more convenient for them to watch their favorite shows and movies. Streaming boxes and sticks are also becoming more advanced, with features such as voice control and 4K support, which are driving adoption among consumers.

3.5. Gaming Consoles

Gaming consoles like Xbox and PlayStation have also become popular devices for accessing OTT content. These devices offer a range of streaming apps, such as Netflix, Hulu, and Amazon Prime Video, making it easy for users to switch between gaming and streaming. Users can stream their favorite shows and movies directly on their gaming consoles, making them a convenient option for entertainment. Gaming consoles also offer advanced features, such as 4K support and HDR, which provide a superior viewing experience.

3.6. IoT

The rise of the Internet of Things (IoT) has created opportunities for OTT platforms to extend their reach. Devices like smart speakers, smart displays, and wearables increasingly integrate OTT functionalities, allowing users to access and control content through voice commands or other smart features.

OTT platforms frequently attempt to create a unified experience across numerous devices, adapting to their consumers' diverse demands and preferences. Overall, the OTT market segmented by device category is diverse and rapidly evolving. As new devices enter the market and user behavior changes, OTT providers will need to continue to innovate and adapt to remain competitive.

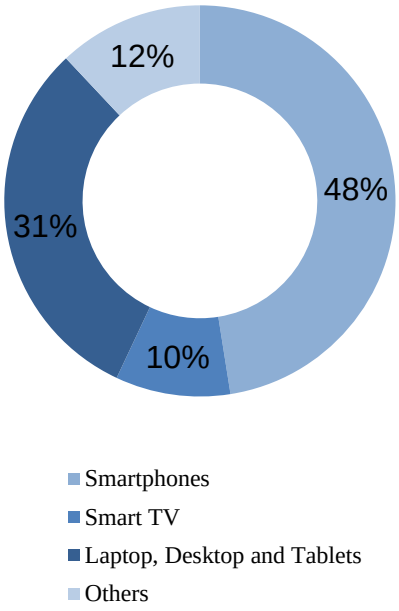

Fig. 2 Market Segment by Device Category

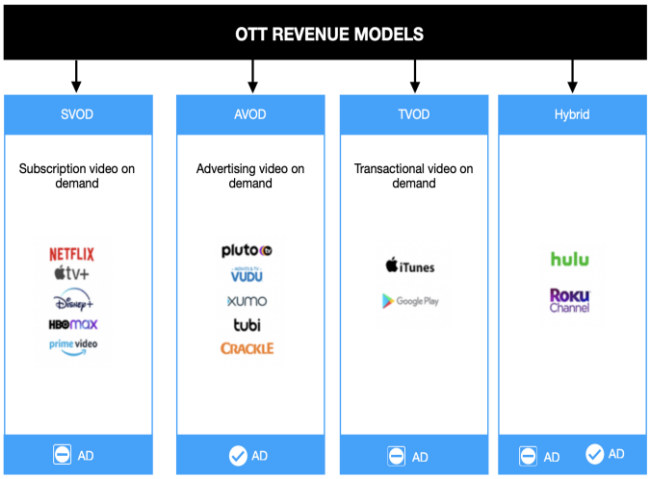

Fig. 3 Popular OTT Revenue Models

4. OTT Market Trends by Revenue Models

Market analysts predict that the OTT video segment's overall revenue will likely reach US$275.30 billion by the end of this year. The choice of revenue model depends on the platform's goals, content, and target audience. Now, let's examine the revenue models that are currently in trend. Many OTT platforms use a combination of revenue models to cater to different user segments and generate maximum revenue.

4.1. AVOD

AVOD (Advertising-Based Video on Demand) is a monetization model in which viewers can access a streaming service's content library for free but have to watch advertisements in between the content. Advertisers pay the streaming service to show their ads to the viewers, and in turn, the streaming service generates revenue. AVOD has shown to be a profitable monetization strategy for content distributors, with a large number of viewers visiting and watching their favorite content for free. It has already captured a significant portion of the streaming sector and is growing faster than ever before. This model is used by popular streaming services such as YouTube, Pluto TV, Crackle, Tubi, and Vudu, among others.

4.2. SVOD

SVOD (Subscription Video on Demand) is a monetization model in which users pay a recurring fee, usually on a monthly or yearly basis, for access to a specific streaming service's entire library of content. Users can stream as much content as they want during the subscription period without incurring any additional charges. This model is widely used by popular streaming services such as Netflix, Amazon Prime Video, and Disney+, HBO Max, among others. OTT platforms often offer tiered subscription plans with different features or content libraries to cater to diverse user preferences

4.3. TVOD

TVOD (Transactional Video on Demand) is a monetization model in which users pay a one-time fee to rent or purchase a specific piece of content, such as a movie or TV show episode. Users have a limited period to watch the content they rent before it expires, and they have unlimited access to the content they purchase. This model is used by popular streaming services such as iTunes, Google Play, and Vudu, among others.

4.4. Pay Per View

Pay-per-view (PPV) is a monetization model in which viewers pay a one-time fee to access a particular content piece, usually a live event such as a sports match or a music concert. The content is only available for a limited time, and once the event is over, the viewer's access to the content expires. Cable and satellite TV providers commonly use PPV for live events, but it is also used by streaming services such as Amazon Prime Video and YouTube TV for live events and special content.

4.5. Hybrid

This model combines two or more revenue models to provide a more diversified income stream. For example, a service could offer a subscription-based model for its core content library and a transactional-based model for exclusive content or new releases. This hybrid approach provides users with flexibility and a broader range of content options. The increased usage of streaming services and the expanding number of connected devices are driving the market expansion of the Hybrid OTT revenue model. This model is used by services such as Hulu, Roku and Peacock.

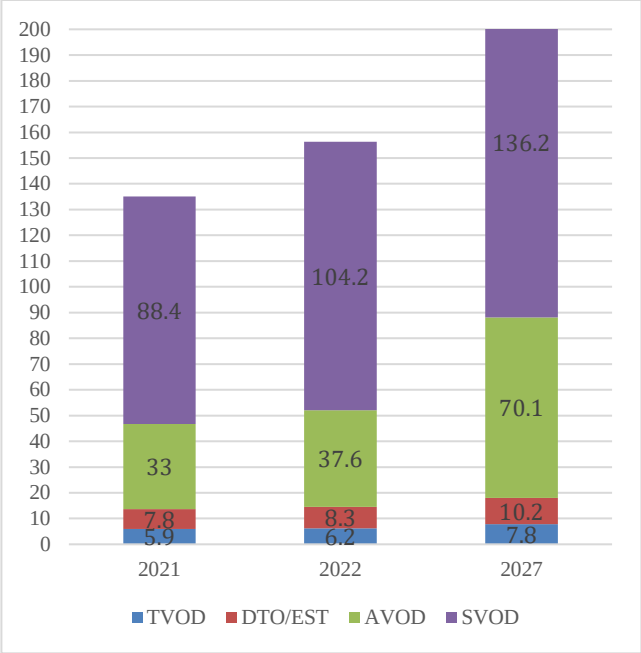

Fig. 4 Market Revenue by Model (by $ billion)

5. OTT Market Trends by Region

The OTT market has seen significant growth globally, with different regions showing unique trends. Here are some of the current trends in the OTT market by region:

5.1. North America

The North American OTT market is the largest in terms of revenue, accounting for more than 40% of the global OTT revenue. The revenue is primarily generated through subscription-based models such as SVOD, with streaming services such as Netflix and Disney+ leading the way. One of the key trends in this region is the increasing popularity of streaming live sports, with services like ESPN+ and DAZN gaining traction.

5.2. Europe

The European OTT market is the second-largest in terms of revenue, with a mix of local and international players generating revenue through subscription-based models, advertising-based models, and transactional models. The revenue growth in this region is expected to accelerate in the coming years. One trend in this region is the growth of local language content, with providers like Salto in France and Joyn in Germany offering programming in their respective languages.

5.3. Asia-Pacific

The Asia-Pacific region is the fastest-growing OTT market in terms of revenue, driven by the widespread adoption of mobile devices and increased internet penetration. The revenue is primarily generated through subscription-based models, with local streaming services such as iQiyi, Tencent Video, and Netflix leading the way. One trend in this region is the dominance of local players, such as Tencent Video in China and Hotstar in India.

5.4. Latin-America

The Latin American OTT market is rapidly growing, with a mix of local and international players generating revenue through subscription-based models, advertising-based models, and transactional models. The revenue growth in this region is expected to accelerate in the coming years. One trend in this region is the growth of free ad-supported streaming services, such as Pluto TV and Tubi, which are gaining popularity among cost-conscious consumers.

5.5. Middle East and Africa

The Middle East and Africa region is a relatively small but rapidly growing OTT market. The revenue is primarily generated through subscription-based models, with local streaming services such as StarzPlay, iflix, and Shahid leading the way. The region has a large young population, and governments are investing in digital infrastructure to boost internet penetration.

Overall, the OTT market is experiencing rapid revenue growth globally, with established players generating significant revenue and new players entering the market. The revenue growth is expected to continue in the coming years as the demand for OTT services continues to increase.

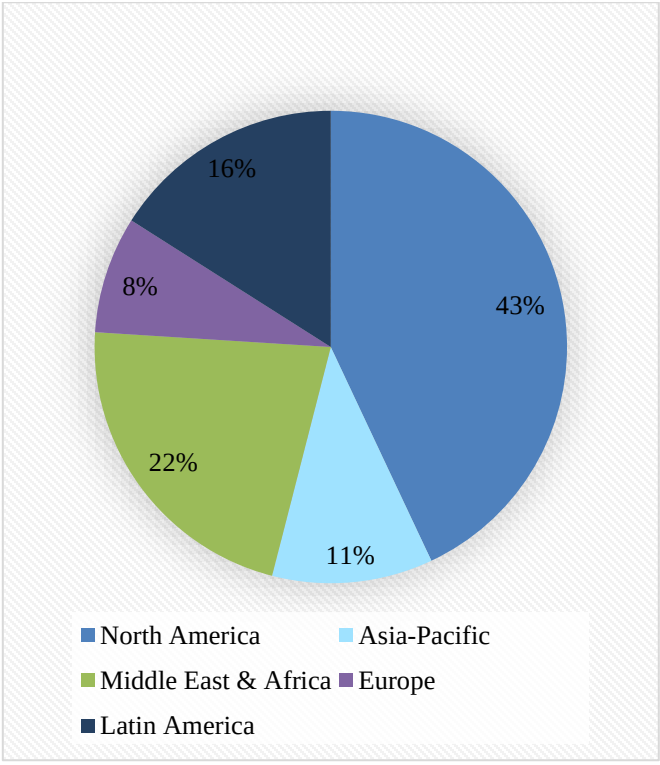

Fig. 5 Market Size by Region

6. Recent Technology Advancements Influencing OTT Industry

The OTT (over-the-top) industry has seen rapid growth in recent years, fueled by advances in technology that have made it easier and more affordable for consumers to access and stream online content. Here are some recent technological advancements that are influencing the OTT industry:

6.1. 5G Networks

The rollout of 5G networks promises to deliver faster and more reliable internet speeds, which will enable OTT platforms to offer higher-quality video streaming and other advanced features like augmented reality and virtual reality experiences.

6.2. Cloud Computing

The use of cloud computing has made it easier for OTT providers to store and manage large amounts of data and content and to deliver it to users on demand. Cloud-based platforms offer greater scalability, flexibility, and cost-effectiveness than traditional on-premise solutions.

6.3. AI and Machine Learning

Artificial intelligence and machine learning technologies are being used by OTT providers to personalize content recommendations, improve search results, and enhance the overall user experience. These technologies also enable better content optimization and delivery and more efficient ad targeting.

6.4. Smart TVs and Connected Devices

The proliferation of smart TVs and other connected devices like streaming media players, game consoles, and smart speakers has made it easier for consumers to access OTT content on their living room screens. OTT providers leverage these devices to offer more immersive and interactive experiences, such as voice-activated search and navigation.

6.5. AR/VR

The integration of AR and VR in OTT has the potential to provide viewers with an unprecedented live-streaming and video-streaming experience. In particular, the sports industry stands to benefit greatly from this technology, as viewers can now virtually enjoy live sports events from anywhere in the world as if they were actually present at the venue.

6.6. Video Compression Advancement

Advancements in video compression technologies, such as the High-Efficiency Video Coding (HEVC) standard or newer codecs like AV1, enable more efficient streaming without compromising video quality. These advancements allow OTT platforms to deliver high-definition and 4K content with reduced bandwidth requirements.

6.7. Blockchain Technology

Some OTT providers are exploring using blockchain technology to create more secure and transparent content distribution systems. Blockchain-based platforms can help protect against piracy and copyright infringement and ensure fair compensation for content creators and distributors.

Overall, these technological advancements are helping to shape the future of the OTT industry, making it easier and more convenient for consumers to access and enjoy their favorite content on demand.

7. Anticipations for the Future

Several experts have forecasted that the OTT industry will reach a whopping US$ 1241.6 billion by the year 2030. As more players enter the OTT market, competition will continue to increase. This will lead to more innovation and better content for consumers as providers strive to differentiate themselves and attract viewers. With the growth of live sports and events streaming, more OTT services are expected to incorporate live streaming capabilities to cater to audiences seeking live content.

As more viewers cut the cord and move away from traditional TV, OTT providers will continue to be an important part of the media landscape. Furthermore, the integration of 5G, AR-VR, and SI is expected to elevate the streaming experience for OTT viewers to new heights. As a result, it can be inferred that the OTT industry is poised to generate billions of dollars globally.

8. Conclusion

The anticipated developments in the over-the-top (OTT) industry over the next few years are expected to drive further innovation and transformation. Emerging technologies, changes in content distribution and monetization strategies, and new players entering the market will continue to shape the industry. The OTT market is witnessing several significant trends across various devices. Smart TVs, mobile devices, streaming devices, gaming consoles, PCs, and laptops are all popular choices for consuming OTT content. The market also includes a wide range of connected devices and is gradually exploring the integration of VR and AR technologies for immersive viewing experiences. To stay ahead of the curve, industry players must anticipate and adapt to these developments, leveraging emerging technologies and focusing on creating unique, compelling content. Ultimately, the future of the OTT industry depends on its ability to deliver high-quality, personalized content to consumers while driving new revenue models for content creators and distributors. The developments discussed in this article are some of the major trends expected to shape the market in the coming years. It will be interesting to see how the market develops and how OTT platforms continue to innovate in the years to come.

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