

DEEP DIVE INTO AUDIO STREAMING INDUSTRY

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INTRODUCTION TO INDIAN AUDIO OTT INDUSTRY (1 OF 2)

Brief history and evolution of the Indian OTT industry

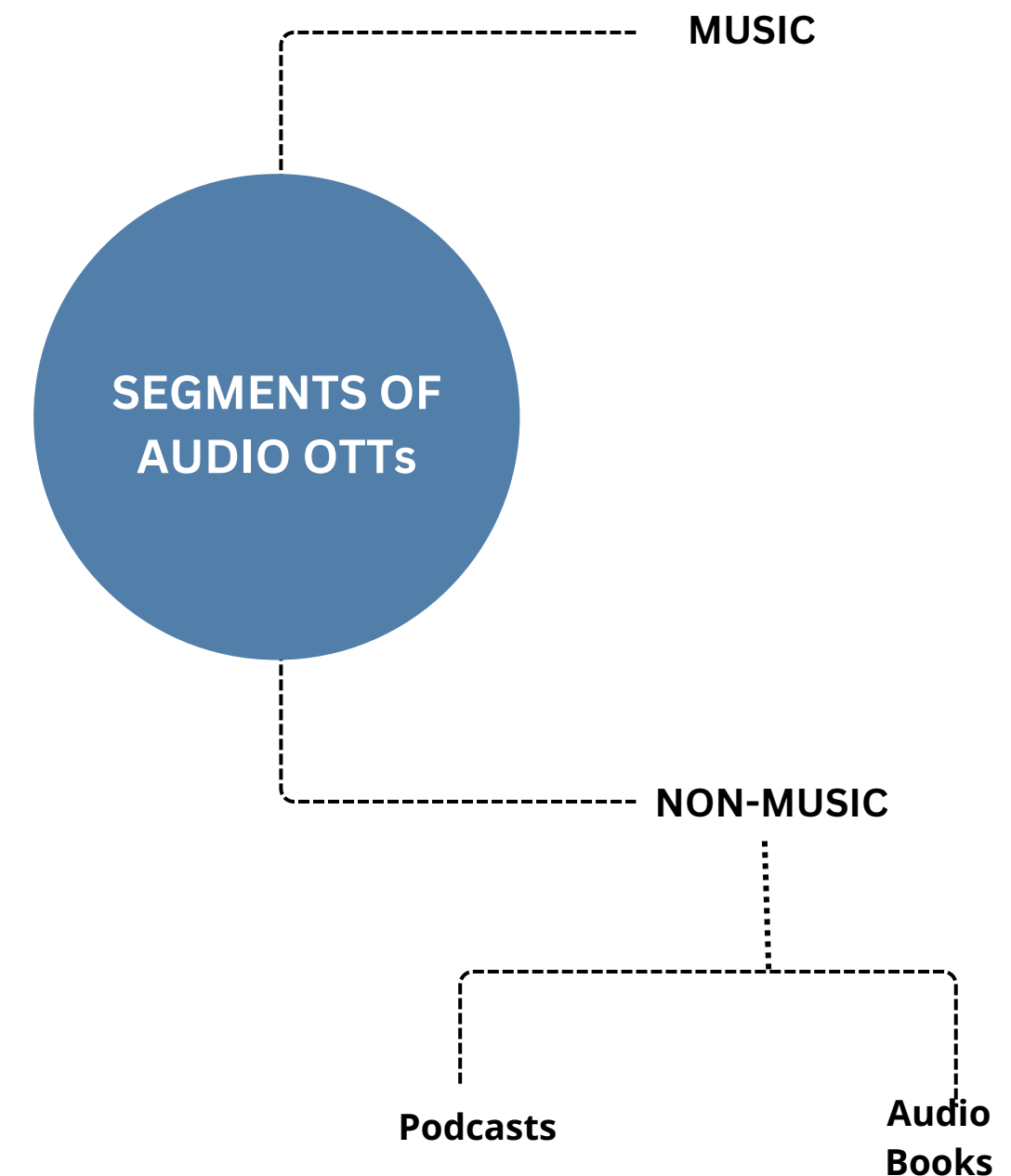
- India's affinity to audio content and music goes back to the 1950s when AM and FM stations began growing in popularity along with the All India Radio broadcasts.
- Now with more than **369 private and 450 FM stations**, India's radio industry reaches **99% of the listeners across the country** and is the biggest mass media platform for advertisers in modern times.
- Of late, the craze for on-demand audio content is pushing Indian millennials towards the dynamic industry of music streaming as well as the podcast industry.
- Back in the 1990s, **MTV introduced to India not just the best of international music and music videos, but also a channel that played music non-stop.**
- Audio OTT is the new tortoise in the media and entertainment race. While short video apps have lately been seeing a downfall in India and video OTT platforms are still figuring out the Indian market, the audio OTT segment has reached an inflection point.
- Even as video OTT fails to capture the market the way experts envisioned them to, Audio OTT is growing slowly, steadily and ironically very quietly.
- Digital consumption including streaming of music has been steadily growing and is the largest contributor to the overall growth and revenues of the global recorded music industry.

INTRODUCTION TO INDIAN AUDIO OTT INDUSTRY (2 OF 2)

Brief history and evolution of the Indian OTT industry

- The increase in digital distribution and consumption of music was led by greater outreach of smartphones globally—primarily owing to discounted rates of handsets, lower data tariff rates, enhanced connectivity, and increased internet penetration.
- The affordability of smartphones along with improved internet access at reduced cost has directly influenced the consumption of music using digital means.
- Digital consumption of music refers to streaming on audio OTT platforms such as Apple Music, Amazon Music, Gaana, Wynk, and JioSaavn, watching music content on video OTT platforms (such as YouTube), purchasing and downloading music through third-party music-aggregating websites and services (such as Apple iTunes), accessing content on mobile phones (including ringtones and caller ring back tunes (CRBT) or any other kind of interactive revenue streams over the digital device.
- Within audio OTT, which includes music and non-music formats (podcasts, audiobooks), the most popular genre happens to be film music streaming.

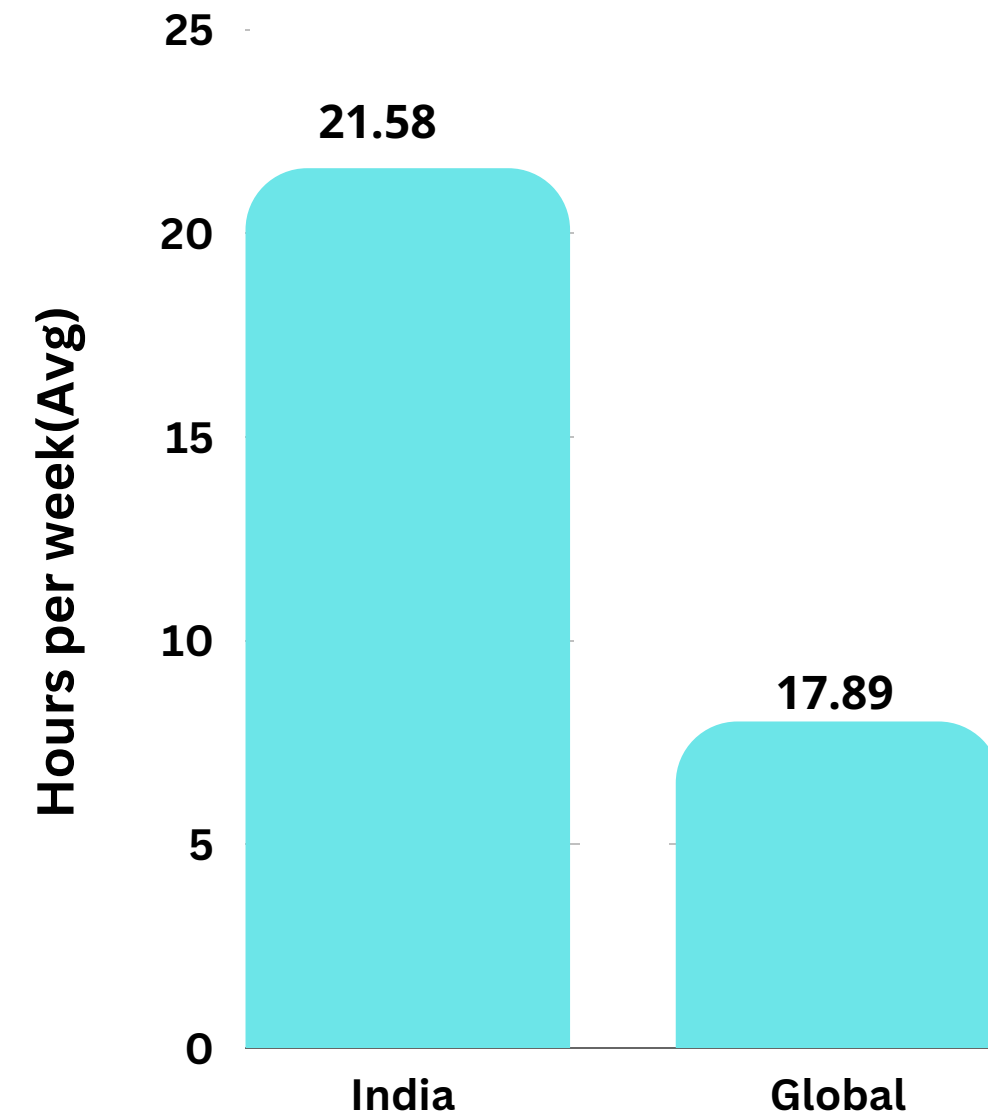
Source of Information :-Report published by Deloitte



INDIA- A MUSIC LOVING COUNTRY

- Indian consumers spend **21.58 hours per week** listening to music, higher than the global average of **17.89 hours per week** clearly making India a music-loving country.
- “The increase in consumption of catalogues of music in languages also serves as a reminder of the diversity of India and reaffirms our belief that regional music is the new champion of India’s soft power,” Aditya Gupta, director, Aditya Music (South-India’s music Company), said in a statement.
- Some people just want music around them, there were quite a few Indian households that had got into the habit of keeping their TVs tuned to a music channel for long hours, with music playing in the background.
- Due to easy access of all kind of music , podcast and also audio books, we can enjoy either old 90s of Gen-z songs everywhere, while driving, planting sleeping, cooking and so on.
- Also, these the content like meditational songs, deep sleep music, motivational songs plays important role for the growth of the industry.

Source of Information :- www.livemint.com



Indians have streamed a million songs or audio files every 3 minutes on OTT (over-the-top) platforms in FY23.

Source of information:-Report published by Deloitte India

GROWTH FACTORS- WHY OTT IS GROWING IN INDIA?

- Cheap data and smartphone penetration are driving the growth of audio OTT apps in India, with the rise of regional content being the next big thing.
- It's the fastest growing sub-segment, recording over **70 per cent growth in streams** for Wynk," says Adarsh Nair, CEO of Airtel Digital.
- Digital has emerged as a significant contributor to the growth of the music industry in India, buoyed by increased internet penetration, affordable mobile data, and the growing popularity of music as an on-demand entertainment option for consumers.
- With millions of growing internet users, and an expected smartphone penetration rate of **42 per cent**, India has one of the biggest pools of potential music listeners globally." IMI estimates that the number of audio OTT users could grow to around 900 million by 2030.
- According to a recent Redseer report, over the past three years, the **Audio OTT industry has witnessed a surge of ~1.6X in daily streams to reach 460 Mn in FY23.**
- According to the Ficci-EY report, streaming platform revenues (including YouTube) increased almost **22 per cent in 2021 to Rs 1,200 crore**, over **80 per cent of which was advertising-driven.**
- That's understandable, given that India had only around **3 million** paid music streaming subscriptions in **2021**, and it was projected to cross 7 million by 2024. A leading cause for this is the free availability of content.

Source of Information :- Business today

MARKET SIZE COMPARISON

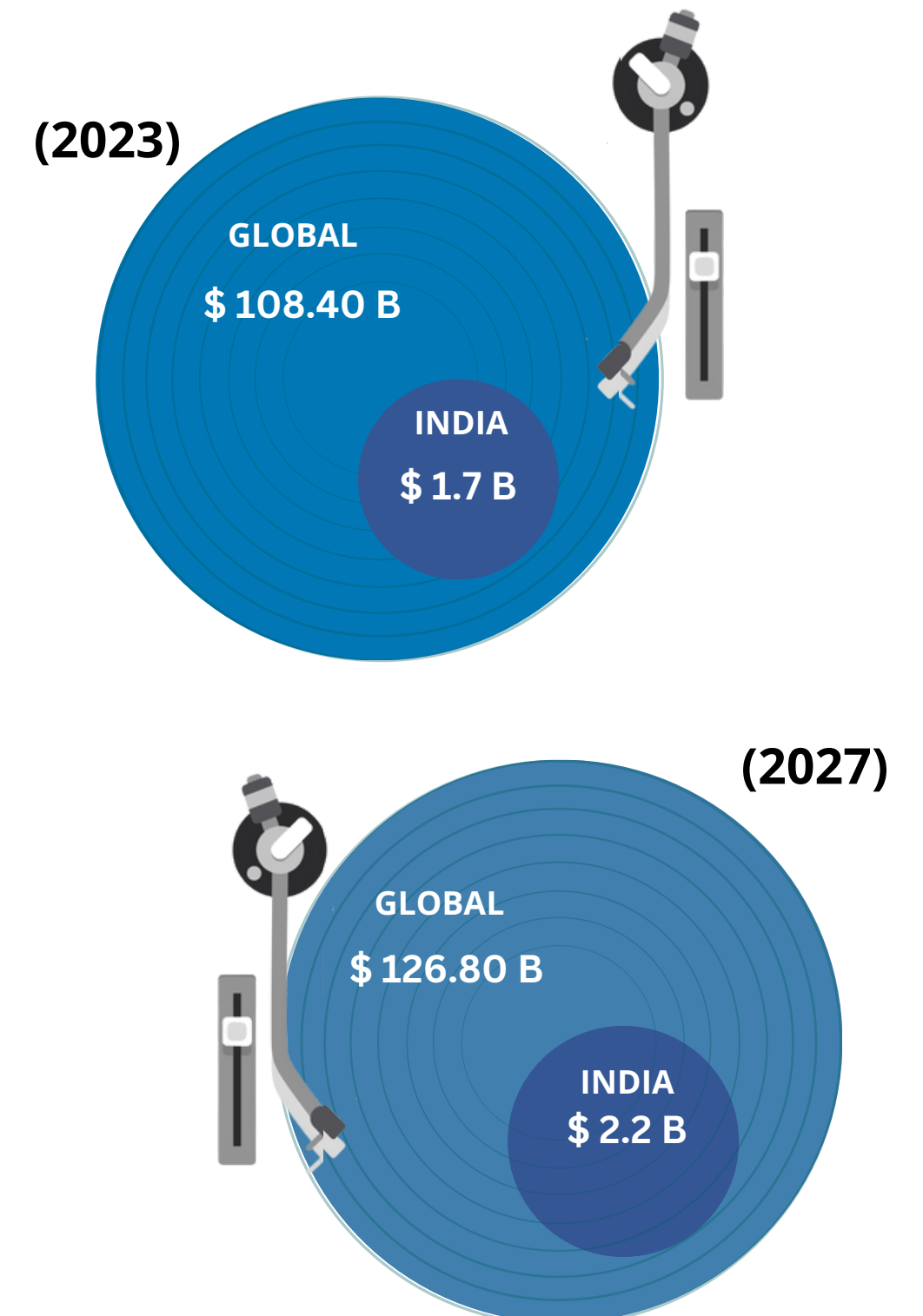
Music, Radio & Podcasts - India

- Revenue in the Music, Radio & Podcasts market is projected to reach **\$1.7 B in 2023**.
- Indian Audio OTT's Revenue is expected to show an **annual growth rate (CAGR 2023-2027) of 6.52%**, resulting in a **projected market volume of \$2.2 B by 2027**.
- The largest market is Digital Music with a market volume of **US \$0.90 B in 2023**.
- In the Music, Radio & Podcasts market, the number of listeners is expected to amount to **0.634 B users** by 2027.
- User penetration in the Music, Radio & Podcasts market is expected to be at 43.3% in 2023.

Music, Radio & Podcasts - Global

- Revenue in the Music, Radio & Podcasts market is projected to reach **\$108.40 B in 2023**.
- Revenue is expected to show an **annual growth rate (CAGR 2023-2027) of 4.00%**, resulting in a **projected market volume of \$126.80 B by 2027**.
- **The average revenue per user (ARPU) is expected to amount to \$35.43.**

Music, Radio & Podcasts revenue



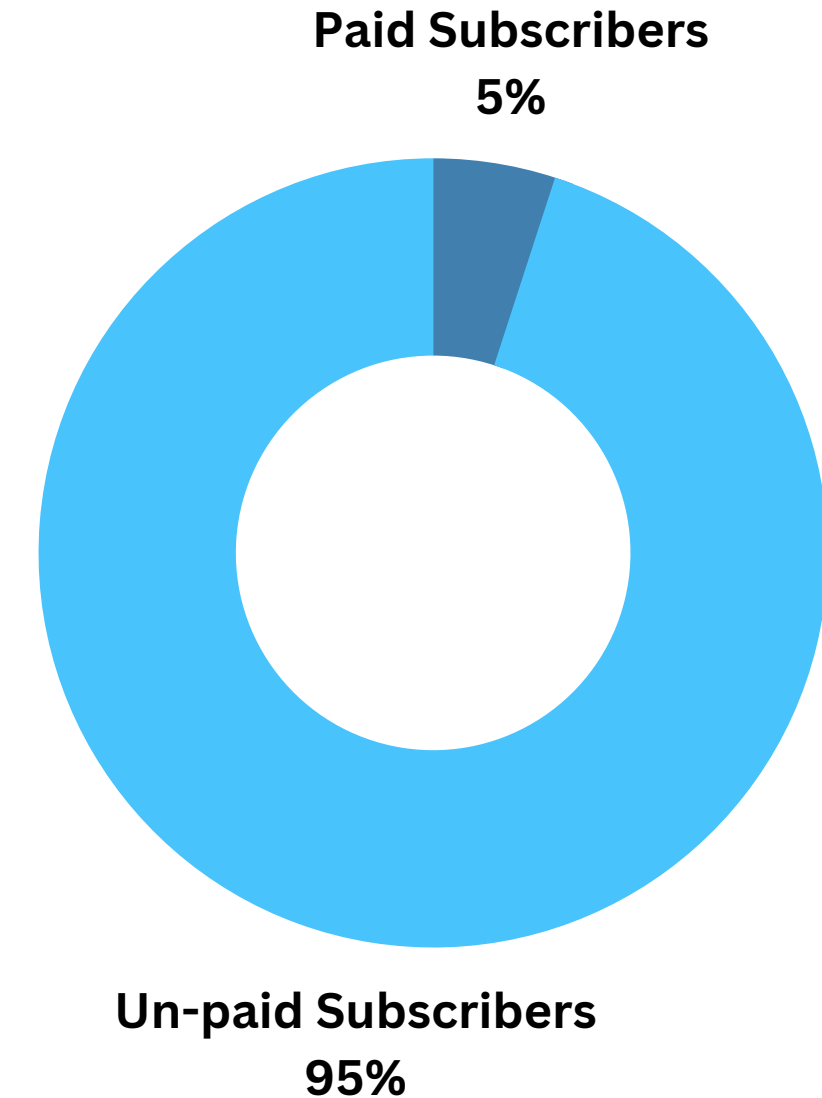
VARIED REVENUE STRATEGIES (1 OF 2)

India is one of the fastest-growing marketplaces for Audio OTT Platforms. As per the report by Deloitte on Audio OTT economy in India published in 2019, Audio OTT market generated revenue of **INR 567 crore** accounting for **67% of Indian recorded music industry revenue (INR 850 crore)**. Lets discuss their main sources of Revenue :-

Subscription Model :-

- Indian Audio OTT has more **8 crore active subscribers**, out of which only **5% are paid users**.
- In this model, the OTT applications earn through the subscription money that is paid by the users to view the content. The subscription value changes from platform to platform.
- In the Year 2020, Audio subscription revenue had reported over **INR 100 crore**.
- The average revenue per user has been around **INR 60-70 a month**. However, the share of subscription revenue has grown from **37% in FY20 to 48% in FY23**

Source of Information :- Medium.com



Source of information:- www.businessinsider.in

VARIED REVENUE STRATEGIES (2 OF 2)

Ad-based revenue models:-

- In this business model, revenue are generated from advertising their content. The content is usually free for the audience, and companies pay to have their ads shown on this platform. This model would require a large audience to be profitable.
- The advertising market for FM is approximately **INR 2,000 crore** while the advertising for audio OTT platforms is approximately **INR 10 crore**.
- Ad growth is expected to be driven by digital spending by 2025 as the report shows **INR 4.83 crore in digital media** as compared to **INR 3.29 crore** in traditional media, according to a FICCI-EY report.

Freemium Based revenue Model:-

- The freemium model offers a strategic approach by providing a taste of the platform's content library to users at no cost, enticing them to upgrade to premium subscriptions for a more extensive and ad-free experience.

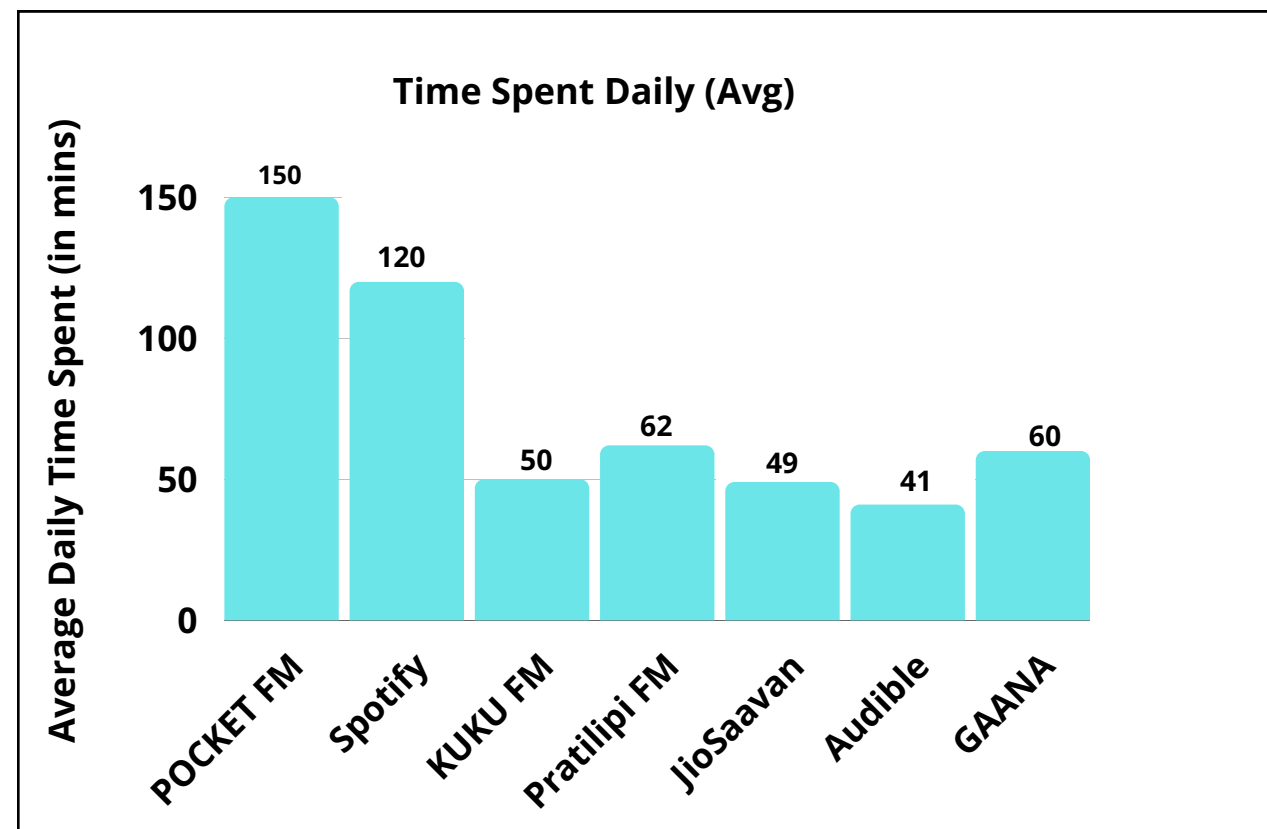
Micropayment based revenue Model:-

- The micropayments system gives users the flexibility to access content behind paywalls without purchasing a complete subscription package. Users can choose to pay only for those content that interest them. With this, they can read more content across platforms without having to subscribe to all of them.
- Some players have already earned good revenue through this model. For Example Players like **Pocket FM have already updated this model in their platform. Around 92% of the revenue for Pocket FM is trough Micropayments.**

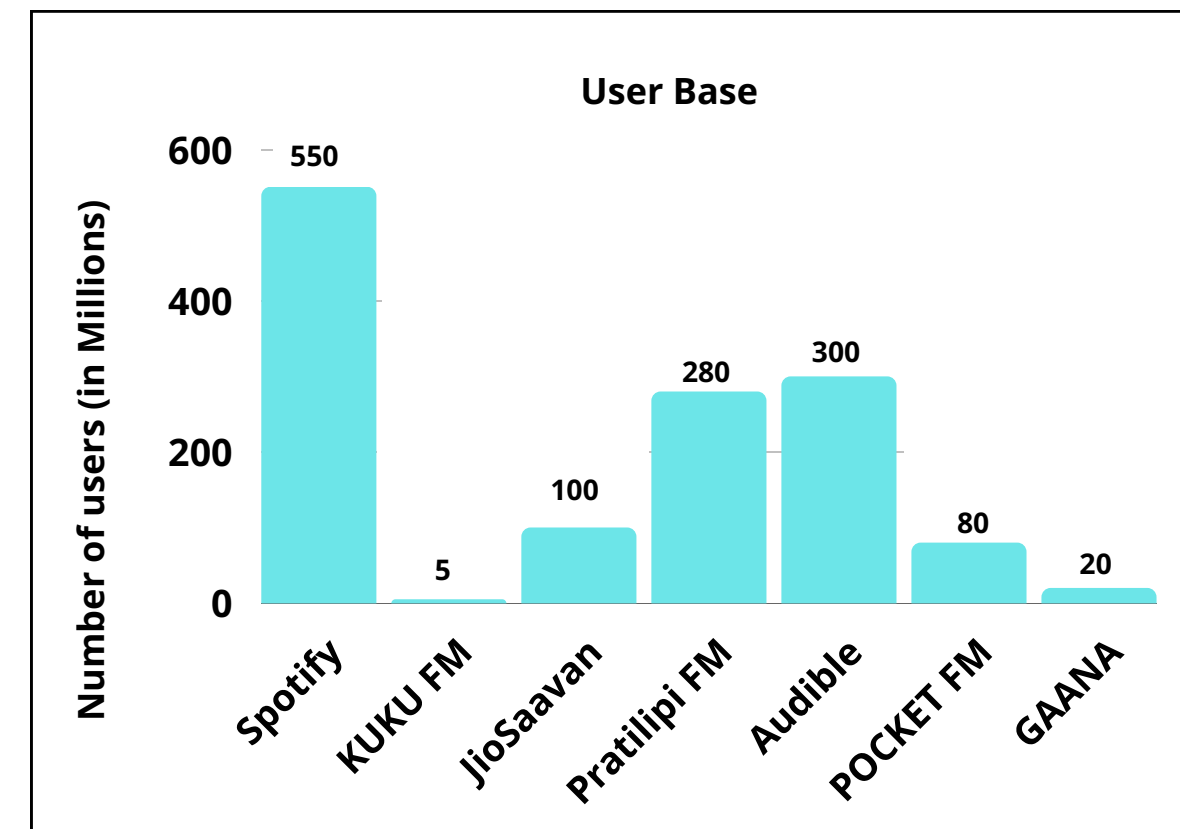
KEY PLAYERS

- Audio streaming platforms such as **Spotify, JioSaavn, Gaana, and Amazon Music** have shown a **12% growth in the number of overall users in June 2022 in comparison to January 2021.**
- Spotify is the OTTA market leader capturing over a quarter of all streams in FY23. capturing 26% of all streams in FY23.

COMPETITION ANALYSIS- COMPARISION ON THE BASIS OF DIFFERENT PARAMETERS





Pocket FM is India's Largest Audio OTT Platform and has the highest daily engagement time which is 150 minutes.



Spotify with 550 M users has become largest OTT platform.

We have also discussed some other important parameters for better comparison of different Audio OTT platforms.

PARAMETERS							
Content Library	Music, Podcasts	Audio Books	Music	Audio Books, podcasts folk songs	Audio Books	Audio Series	Music
No. of Users	551.0 M	5.0 M	100.0 M	280.0 M	300.0 M	80.0 M	20.0 M
No. of Paid Users	220.0 M	2.5 M	1.8 M	0.02 M	36.0 M	NA	1.0 M
Content Creators	1.1 M	0.05 M	NA	0.35 M	0.2 M	0.5 M	NA
Average Daily Time Spent (in mins)	120.0	50.0	49.0	62.0	41 .0	150.0	60.0
Languages	62.0	7.0	16.0	12.0	180.0	8.0	16.0
Total Fund Raised	\$2100 M	\$71 M	\$20 M	\$78 M	\$14M	\$109 M	\$206 M
Last Fund raised	Undisclosed	\$25 M (Sep 2023)	\$11.2 B	\$48.0 M	Undisclosed	\$16 M (Debt May 2023)	\$40M (June 2021)
Valuation	\$30, 870 M (September 2023)	\$120 M (Aug 2022)	\$1000 M (Mar 2018)	\$265 M (2021)	\$3 M (2020)	Undisclosed	\$530M (2021)
Revenue	\$3,375 M (FY2023)	\$5 M (FY2023)	\$115 M per year	\$2 M (March2022)	\$200 M (FY2022)	\$25 M (ARR Oct 2020)	\$15 M

CHALLENGES FACED BY AUDIO OTT PLATFORMS (INDIA)

- **Content Licensing Costs:** Acquiring rights to music and other audio content can be expensive, particularly for popular and exclusive content.
- **Monetization:** Balancing the need to generate revenue through subscriptions or ads while keeping users engaged and satisfied.
- **Competition:** Intense competition from both established and emerging platforms, leading to a constant battle for user attention.
- **User Acquisition Costs:** The cost of acquiring new users can be high, making it essential to have effective marketing and growth strategies.
- **Content Discovery:** Ensuring that users can easily discover and access relevant content from a vast library can be challenging.
- **Piracy and Copyright Issues:** Protecting against content piracy and ensuring compliance with copyright laws.
- **Regionalization:** Catering to diverse regional tastes and languages while maintaining a global presence.
- **Changing Consumer Preferences:** Adapting to shifts in consumer behavior and preferences, such as changes in listening habits or device usage.

FACTORS INFLUENCING AUDIO OTTS PLATFORM

Indian Audio OTT (Over-The-Top) platforms have experienced significant growth and competition in recent years. Several factors affect these platforms in the Indian market:

Content Library

The availability and diversity of content play a crucial role. Exclusive shows, podcasts, and music libraries can attract and retain subscribers.

Localized Content

Catering to the diverse linguistic and cultural preferences of India is essential. Creating content in multiple regional languages can be a competitive advantage.

Quality of Streaming

Providing high-quality audio streaming with minimal buffering is essential for user satisfaction.

Pricing

Competitive pricing and flexible subscription models, including free tiers with ads, can influence user adoption and retention.

Offline Download

Allowing users to download content for offline viewing/listening is a critical feature, given India's variable internet connectivity.

Device Compatibility

Ensuring compatibility with a wide range of devices, including smartphones, smart speakers, and smart TVs, can expand the user base.

WHAT IS IN THE NEWS :-

- Kuku FM raises **\$25 million in funding from Fundamentum, others**. Audio content platform provider Kuku FM on Wednesday said it has raised **\$25 million in a Series C funding round in Sept-2023, co-led by the Nandan Nilekani-founded Fundamentum Partnership and International Finance Corporation**.
- Spotify has raised a **total of \$2.1 billion in funding over 19 rounds**. Their latest funding was raised on **Feb 10, 2023 from a Post-IPO Equity round**.
- JioSaavn has raised **\$11.2 billion, raised on Sep 11, 2019 from a Corporate Round round**. JioSaavn has raised a **total of \$131.6 million in funding over 7 rounds**.
- Pratilipi has raised **\$48 million (about Rs 357 crore) in its Series D round**, led by South Korean gaming company Krafton Inc in July-2021.
- **Pocket FM** has raised a total of **\$109.5 million in funding over 7 rounds**. Their latest funding was raised on **May 2, 2023 was \$16 million from a Debt Financing round**.
- **Gaana** has raised a total of **\$206.2 million in funding over 4 rounds**. Their latest funding was raised on **Jun 29, 2021 was \$40 million from a Debt Financing round**.

Source of Information :- Economics times

ABOUT US

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Thank you!



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