

INDUSTRIES & MARKETS

Video-on-Demand: market data & analysis

Market Insights report

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2023



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10 sectors

190+ geographical entities

1,000+ markets

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CHAPTER 1

Overview

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The Video-on-Demand market is driven by the constant evolution of the video streaming market

Overview: Summary

Summary

The video on demand (VoD) market is experiencing transformative trends that are reshaping the way consumers access and consume video content. Firstly, the shift from traditional television to streaming services has become a dominant trend. Streaming platforms like Netflix, Amazon Prime Video, and Disney+ offer a vast library of movies, TV shows, and original content, providing viewers with on-demand access to a wide range of entertainment options. Secondly, the rise of cord-cutting and cord-shaving has disrupted the traditional pay-TV model, with consumers increasingly opting for over-the-top (OTT) services to customize their viewing experience and reduce costs. Additionally, the proliferation of smart TVs, smartphones, and other connected devices has facilitated the seamless streaming of video content, enabling viewers to enjoy their favorite shows and movies anytime, anywhere.

The Video on Demand market is poised for substantial growth, driven by key factors that contribute to its expansion. Firstly, the global increase in internet penetration and the availability of high-speed broadband have created a

favorable environment for streaming services. The convenience and flexibility of accessing a vast catalog of content on multiple devices have propelled the adoption of VoD platforms. Secondly, the trend of content fragmentation, with various studios and production companies launching their streaming services, has intensified competition and provided consumers with a diverse range of options. Furthermore, the rapid growth of original content production by streaming platforms has attracted viewers and fostered subscriber retention. The investment in exclusive content, including TV series, movies, and documentaries, serves as a strong growth driver for VoD platforms.

The Video on Demand market is projected to experience robust growth in the foreseeable future. Market research suggests a healthy compound annual growth rate (CAGR) from 2023 to 2027. Factors such as the continued expansion of streaming services into new markets, the increasing availability of high-quality original content, and advancements in streaming technologies are expected to fuel market growth.

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Video-on-Demand is the second largest market of Digital Media

Overview: Market Definition

Market definition

Video on Demand (VoD) refers to a digital media distribution model where users can access and watch video content at their convenience, usually through an online platform or service. With VoD, users have the flexibility to choose what content they want to watch, when they want to watch it, and how they want to consume it. This allows users to stream or download video content on demand, without the need for traditional broadcasting schedules or physical media. VoD platforms typically offer a wide range of content, including movies, TV shows, documentaries, and other video content, which can be accessed and viewed instantly or stored for later viewing. VoD has become increasingly popular in recent years, offering convenience, flexibility, and a personalized viewing experience for users. The market consists of several markets, namely Video Streaming (SVoD), which is streaming on a subscription basis, Pay-per-View (TVoD), which is paying for digital video content and watch it online, Video Downloads (EST), which is the download of digital video content and Advertising (AVoD), which is the advertising in video streaming.

The market comprises revenues, users, average revenue per user, and penetration rates. Revenues are generated through purchases and subscriptions. Market numbers for video-on-demand can also be found in the OTT video market. Key players in the market are companies, such as Netflix, Amazon or Disney+.

Video-on-Demand accounted for 25.4% of the Digital Media market revenue in 2023

Overview: Key Takeaways and in scope / out of scope

Key Takeaways

Revenue in the Video-on-Demand market is projected to reach US\$159.40bn in 2023.

Revenue is expected to show an annual growth rate (CAGR 2023-2027) of 9.71%, resulting in a projected market volume of US\$230.90bn by 2027.

The largest market is Video Streaming (SVoD) with a market volume of US\$95.35bn in 2023.

In global comparison, most revenue will be generated in the United States (US\$69,540.00m in 2023).

In the Video-on-Demand market, the number of users is expected to amount to 3.44bn users by 2027.

User penetration will be 36.8% in 2023 and is expected to hit 43.2% by 2027.

+ In scope

This segment includes:

- Over-the-top Video-on-Demand (VoD) content distributed over the Internet
- Rentals as single transaction or pay-per-view (Transactional-VoD or TVoD)
- Subscription-based services (Subscription-VoD or SVoD)
- Digital purchases via download or permanent cloud-storage (electronic-sell-through or EST)

- Out of scope

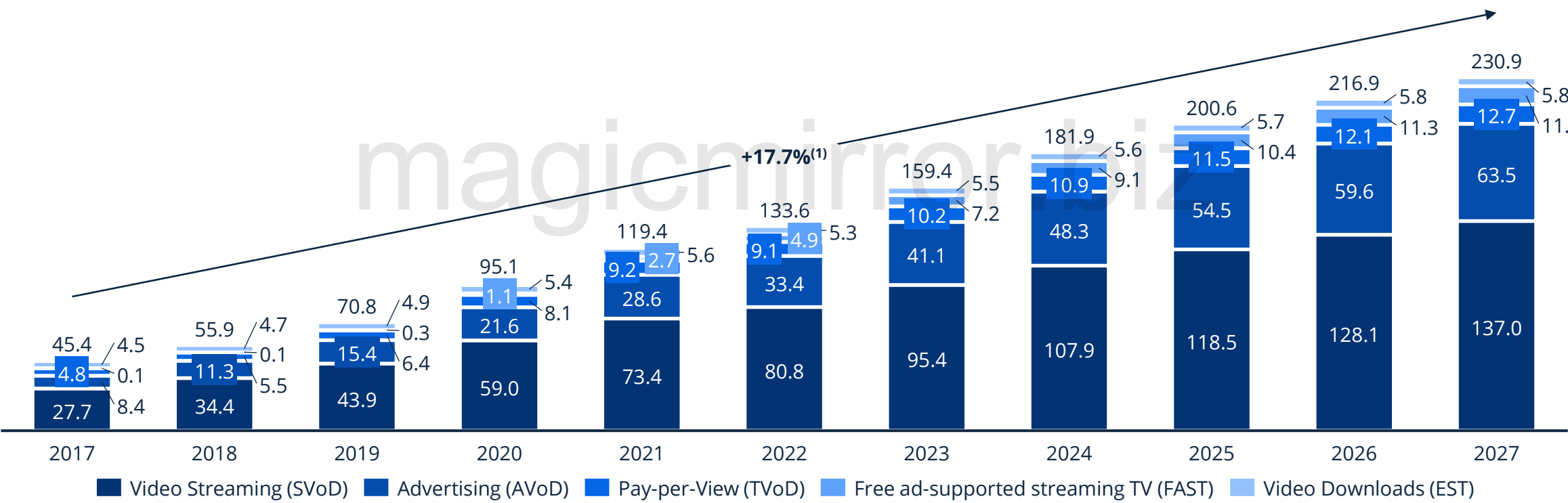
This segment excludes:

- Ad-supported content and services
- User-generated content (UGC)

Video-on-Demand revenue are estimated to increase at a CAGR⁽¹⁾ of 17.7% from 2017 to 2027

Market Size: Global

revenue forecast in billion US\$

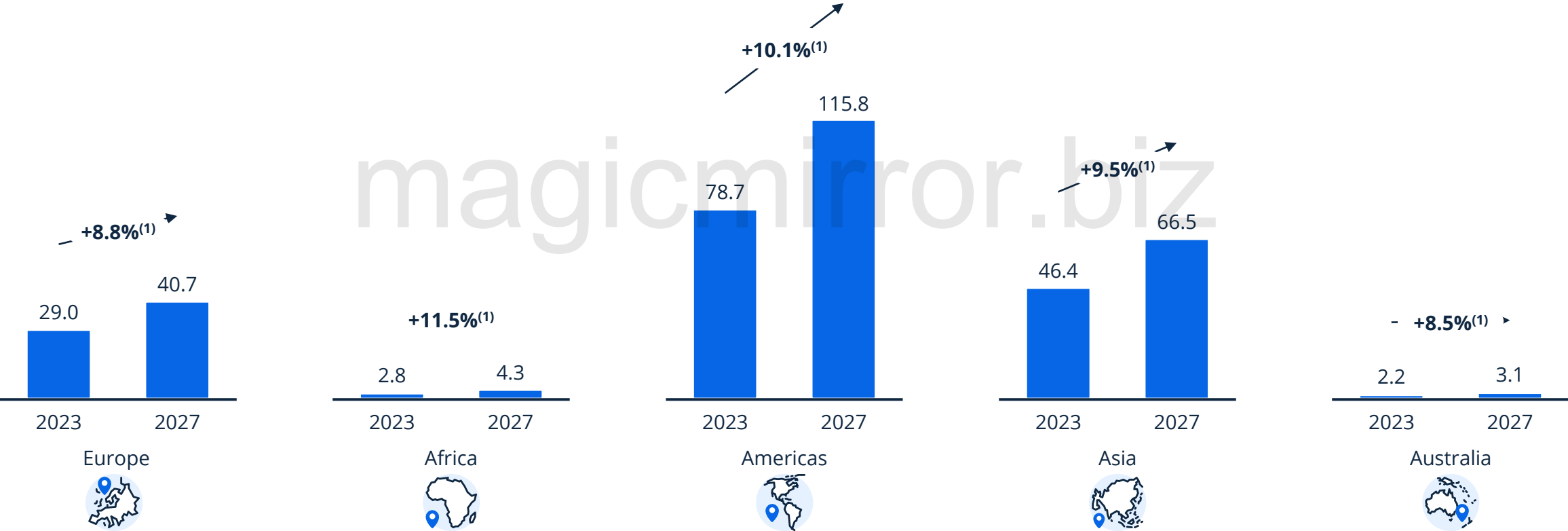


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With revenue of 78.7billion US\$, Americas is the biggest market among selected regions, in 2023

Market Size: Regional Comparison (1/2)

revenue forecast in billion US\$



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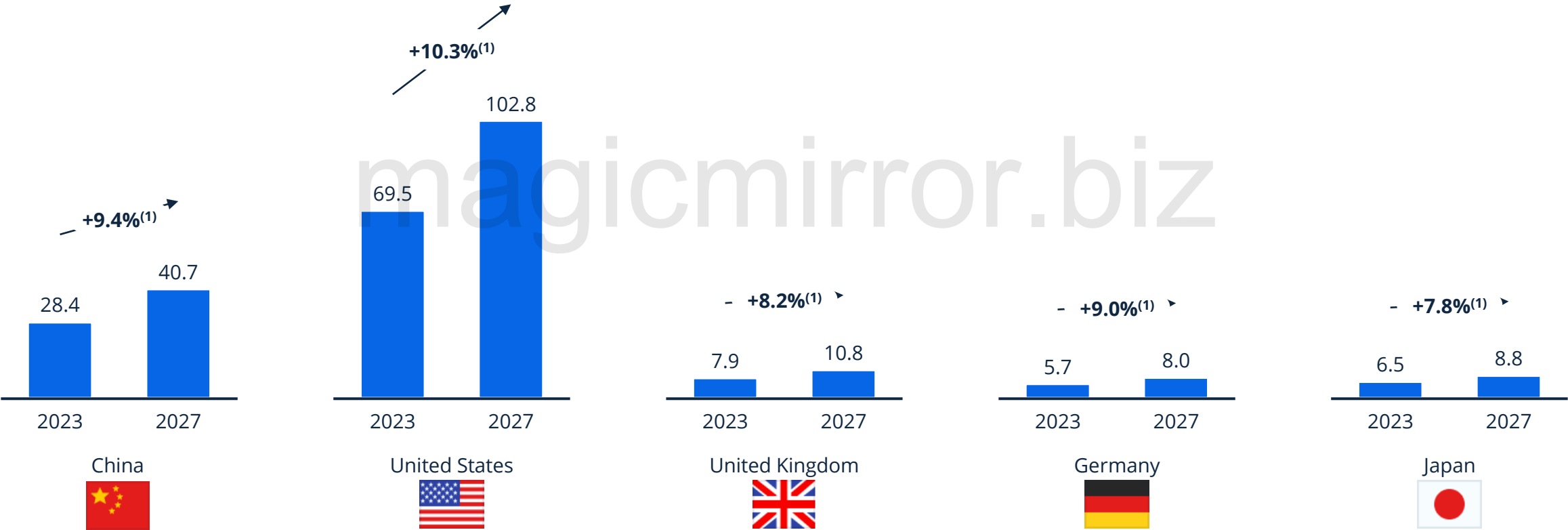
9 | Notes: (1) CAGR: Compound Annual Growth Rate

Sources: Statista Market Insights 2023

With revenue of 69.5billion US\$, United States is the biggest market among selected countries, in 2023

Market Size: Regional Comparison (2/2)

revenue forecast in billion US\$



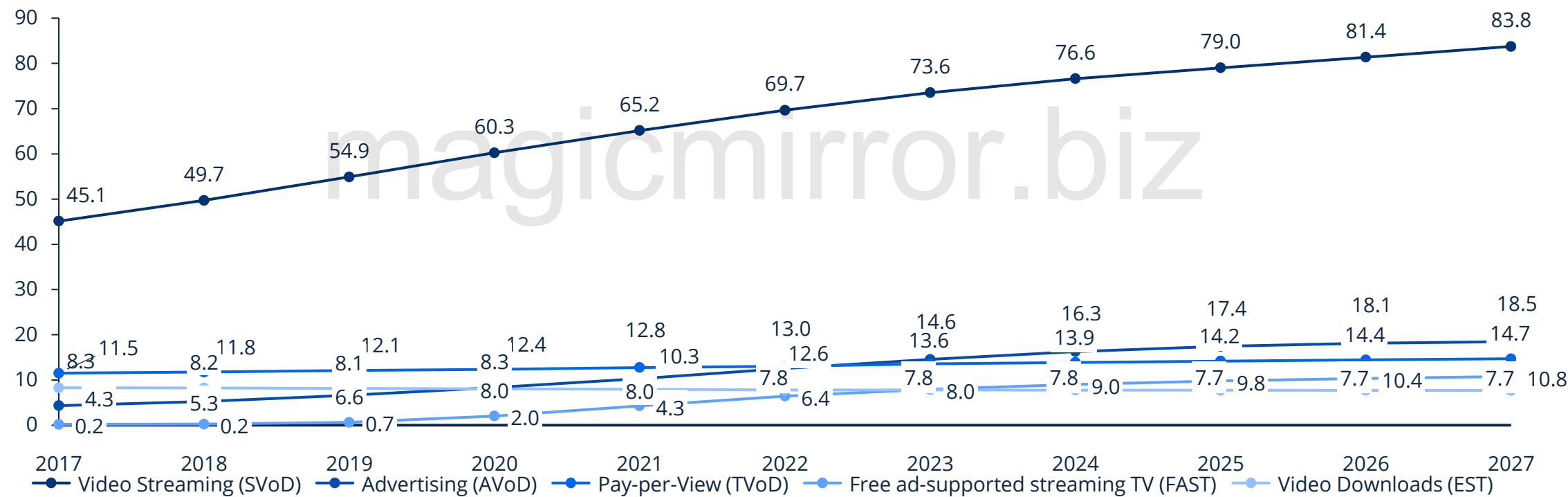
10 | Notes: (1) CAGR: Compound Annual Growth Rate

Sources: Statista Market Insights 2023

Video-on-Demand arpu⁽¹⁾ are estimated to increase from 2017 to 2027

Market Size: Global

arpu⁽¹⁾ forecast in US\$

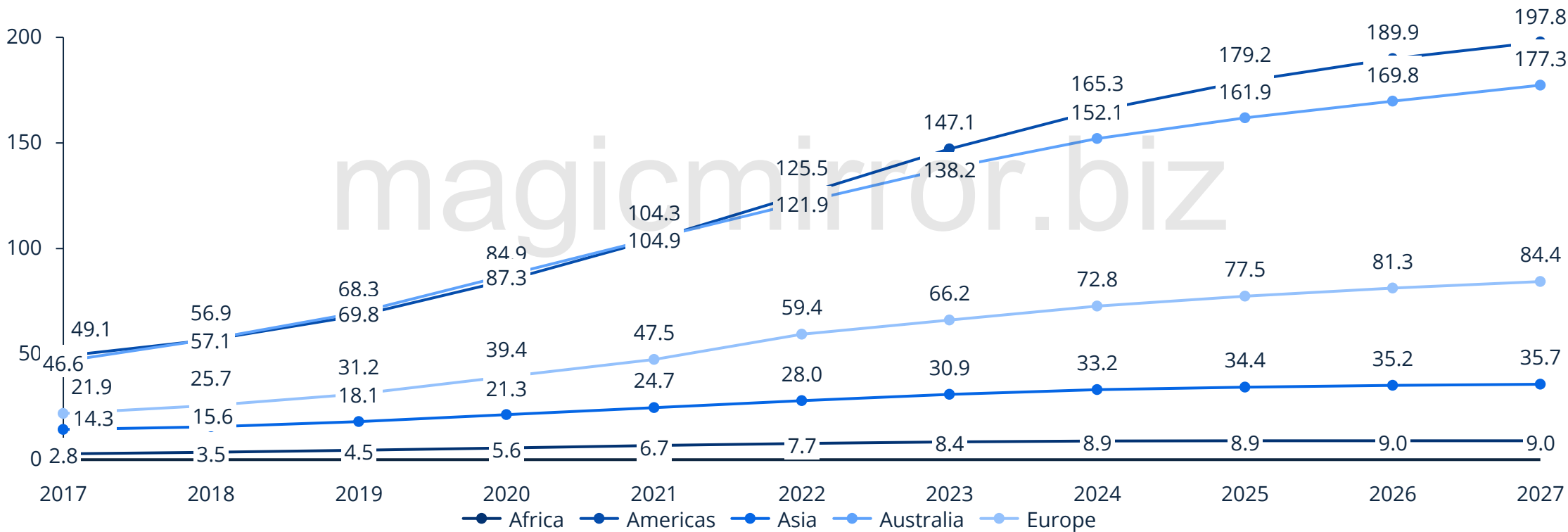


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Americas has the biggest market in Video-on-Demand arpu⁽¹⁾ in 2027

Market Size: Regional Comparison (1/2)

arpu⁽¹⁾ forecast in US\$

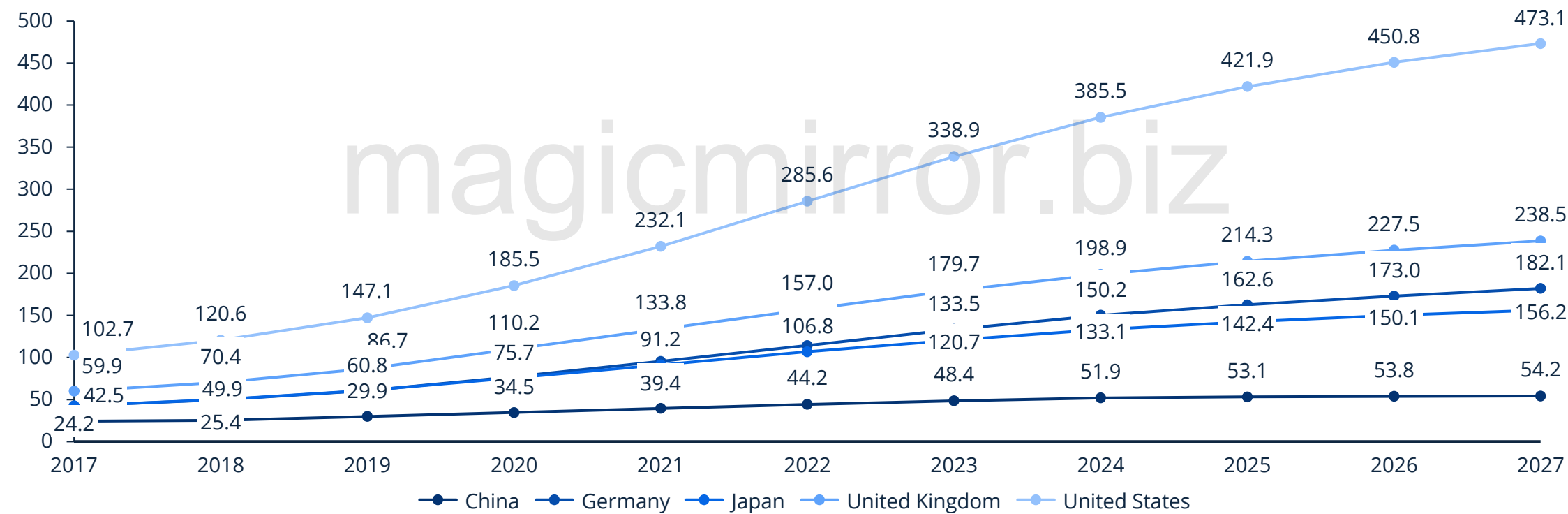


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With an arpu⁽¹⁾ of 338.9 US\$, United States is the biggest market among selected countries, in 2023

Market Size: Regional Comparison (2/2)

arpu⁽¹⁾ forecast in US\$

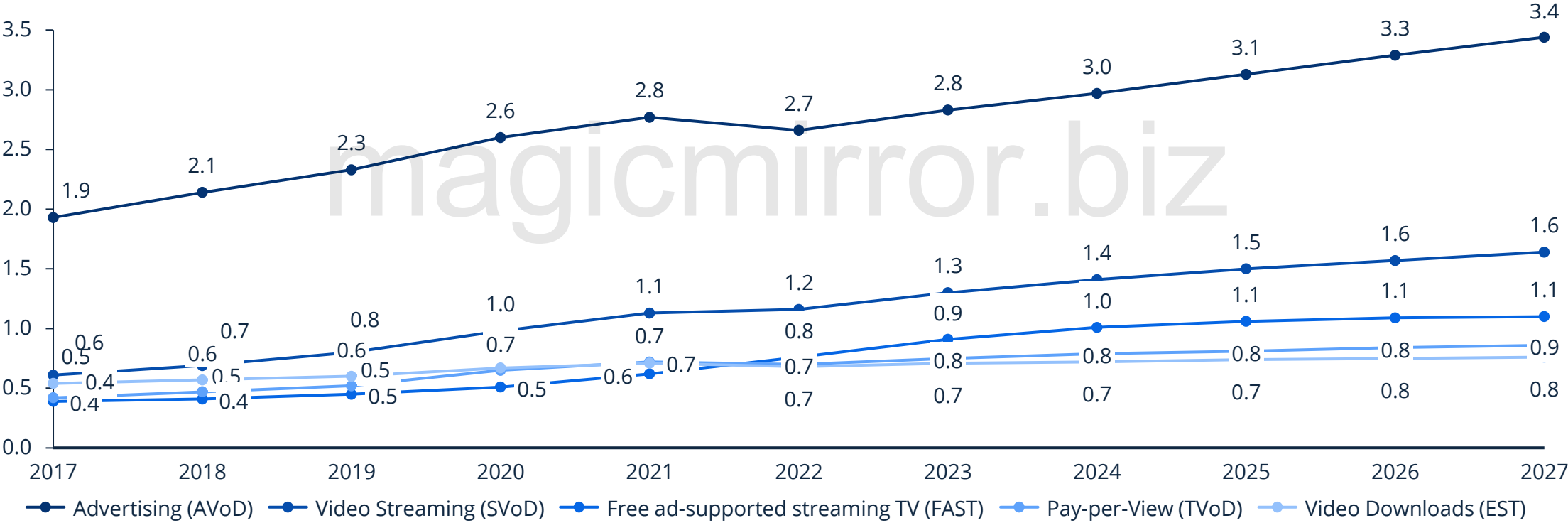


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Video-on-Demand users are estimated to increase from 2017 to 2027

Market Size: Global

users forecast in billion

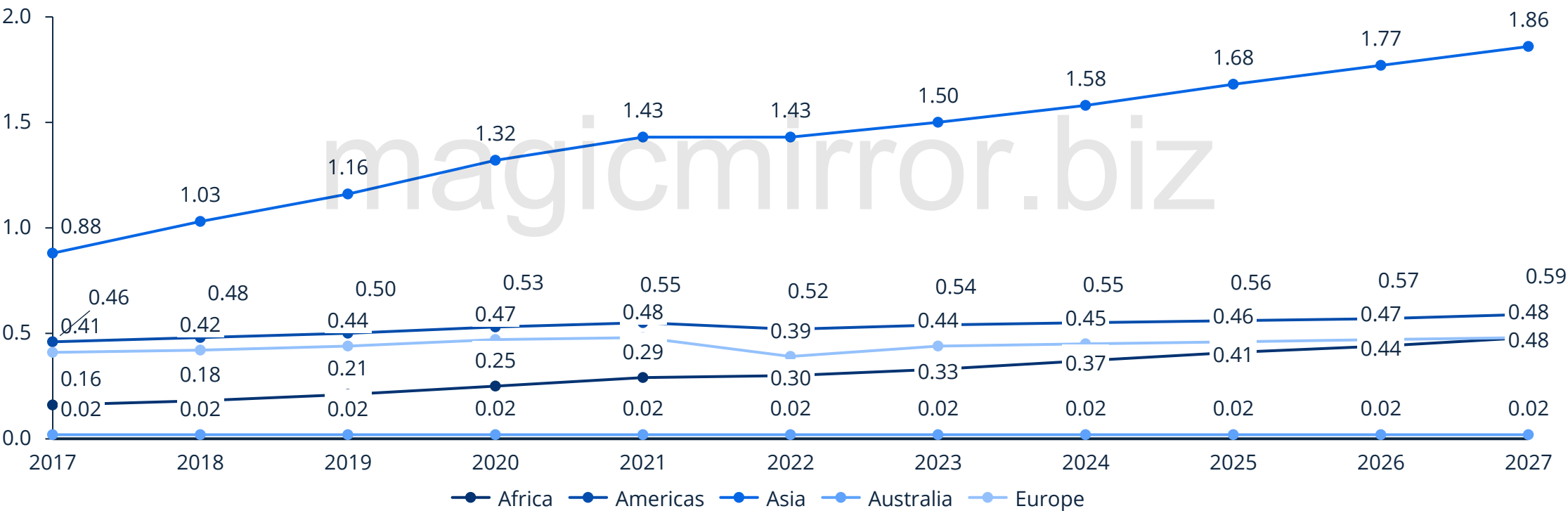


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Asia has the biggest market in Video-on-Demand users in 2027

Market Size: Regional Comparison (1/2)

users forecast in billion

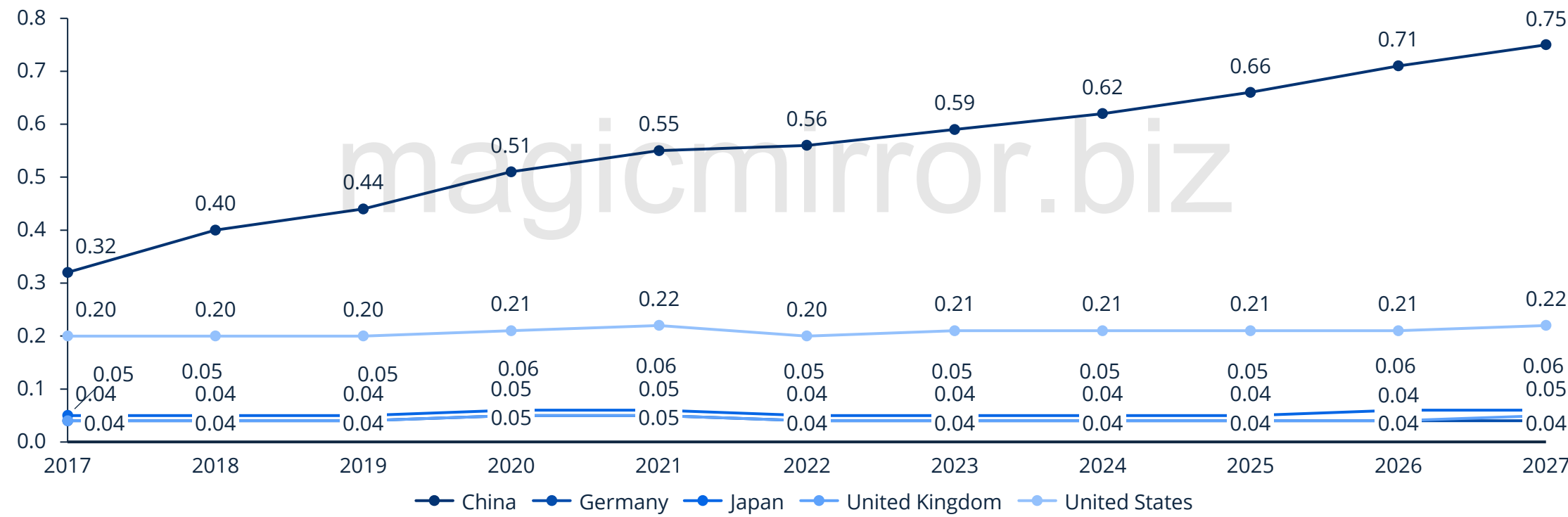


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With users of 590 million, China is the biggest market among selected countries, in 2023

Market Size: Regional Comparison (2/2)

users forecast in billion



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Revenues of the top companies in the Video-on-Demand market (worldwide & consolidated)

Further Market Analysis

Company revenues in billion US\$

Company	2017	2018	2019	2020	2021
AT&T	160,55	170,76	181,19	171,76	168,86
Alphabet	110,86	136,82	161,86	182,53	257,64
Amazon	177,87	232,89	280,52	386,14	469,82
Apple	229,23	265,6	260,17	274,52	365,82
Comcast Corporation	84,97	94,51	108,94	103,56	116,38
Netflix	11,69	15,79	20,16	25	29,7
Tencent	37,8	48,23	56,46	74,54	
The Walt Disney	55,14	59,43	69,57	65,39	67,42
Warner Media	29,32	31,27	31,27	31,27	
iQiyi	2,57	3,78	4,2	4,3	

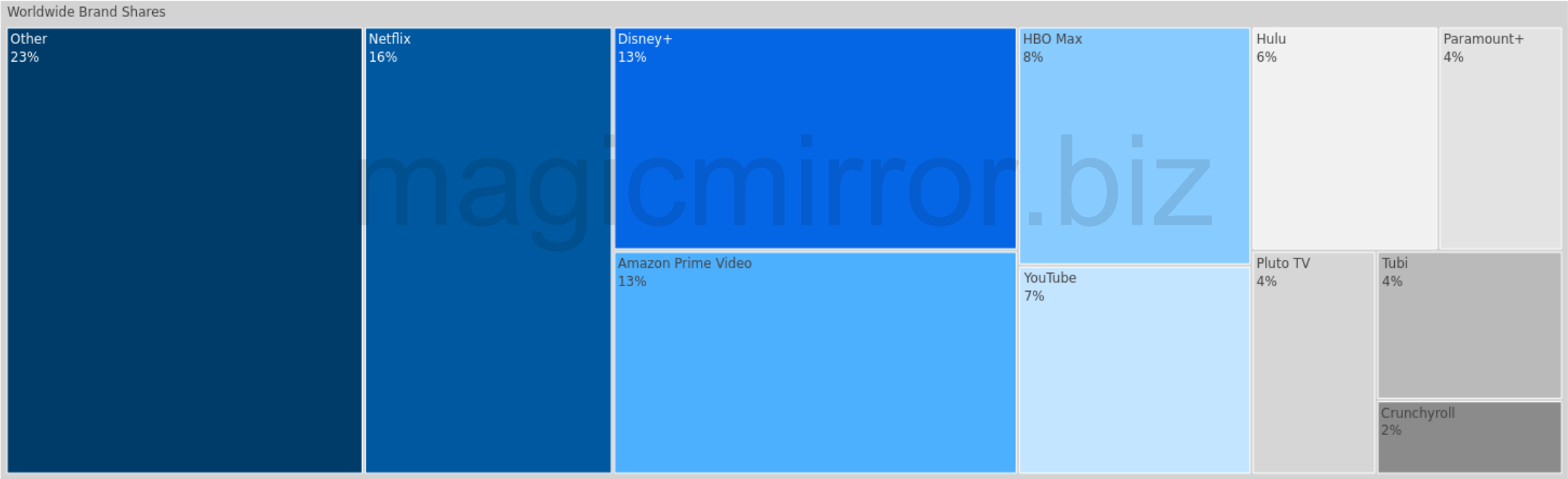
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In 2023, Netflix had the highest share in Video-on-Demand

Further Market Analysis

Brand share in 2023



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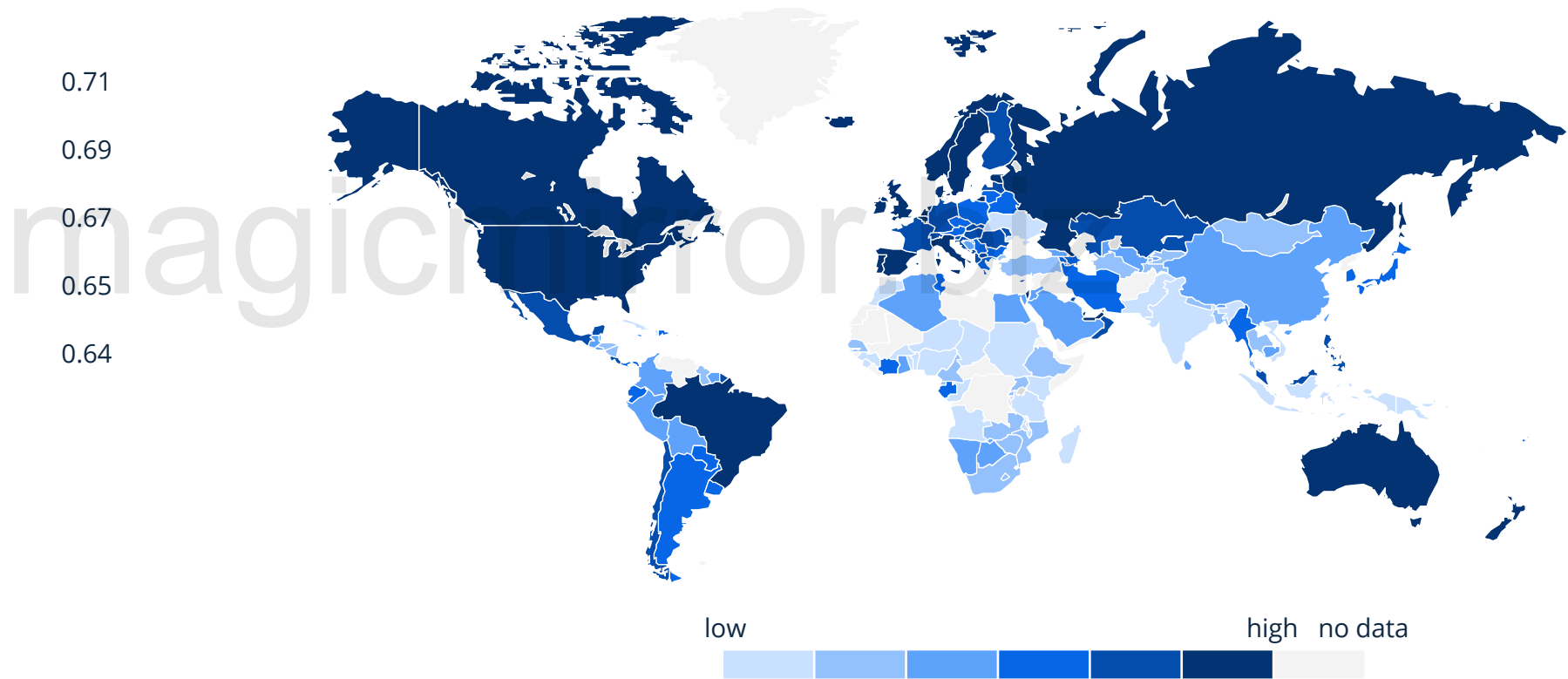
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Penetration rate for Video-on-Demand is especial high in Norway but also in Sweden

Penetration Rate: Worldwide Comparison

Video-on-Demand penetration rate per country in 2023 in %

1.	Norway	0.71
2.	Sweden	0.69
3.	New Zealand	0.67
4.	Puerto Rico	0.65
5.	Belgium	0.64

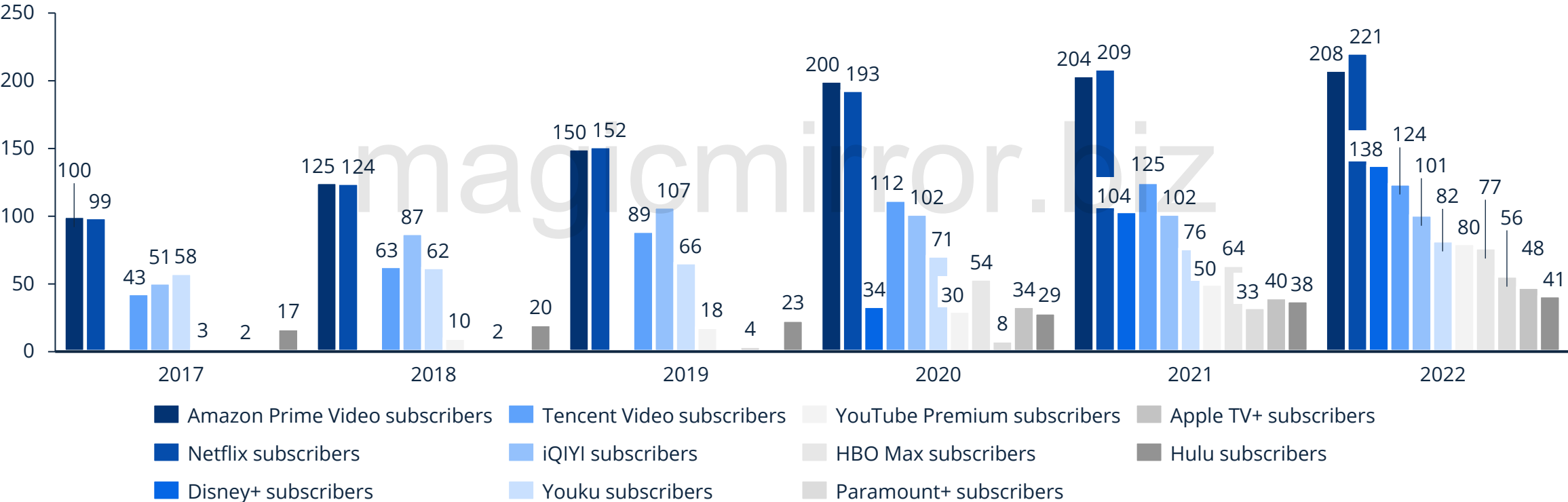


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In 2022, Netflix has the highest amount of paid subscribers

Subscribers by service

SVoD (Streaming video-on-demand) subscriber by service in million



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Netflix invests heavily in its exclusive content

Company profiles: Netflix (1/2)

NETFLIX

Netflix key facts

Revenue: US\$31.6 billion (2022)	CAGR ⁽¹⁾ : 6.7% (2021 to 2022)
Net income: US\$4,492 million (2020)	Paid subscribers: 221 million (2022)
Founded: 1997	Headquarters: Los Gatos, California

Availability of Netflix in 89 countries



Product: streaming service

In the early years after Netflix’ founding, the company grew by engaging in the DVD-by-mail business. The video streaming service Netflix as we know it today launched in 2007. Back then, the company started to offer subscription-based streaming of movies and tv shows. Users can choose from a variety of different plans in a price range⁽³⁾ between US\$8 and US\$14 and watch content on almost any device. Today, Netflix has 158 million paid subscribers in over 190 countries. Additionally, Netflix has been producing own film and TV series under the label “Netflix Original” since 2013. Netflix released 371 Originals in 2019, which represents over 50% increase in comparison to 2018.

Netflix’s digital strategy

Netflix is increasingly investing in exclusive content in the form of content licenses and the production of own series. This content involves high costs; thus, Netflix has raised the prices in the U.S. and added an “Ultra” plan. However, the company also reacts to country-specific habits by offering a mobile-only plan at a lower price in some Asian markets. This strategy might be necessary to remain competitive in the Video-on-Demand market. Disney has ended its collaboration with Netflix in 2019 to start its own streaming service Disney+. Other film studios might follow. Netflix is no longer fully dependent on such deals as its customers are increasingly interested in its exclusive content.

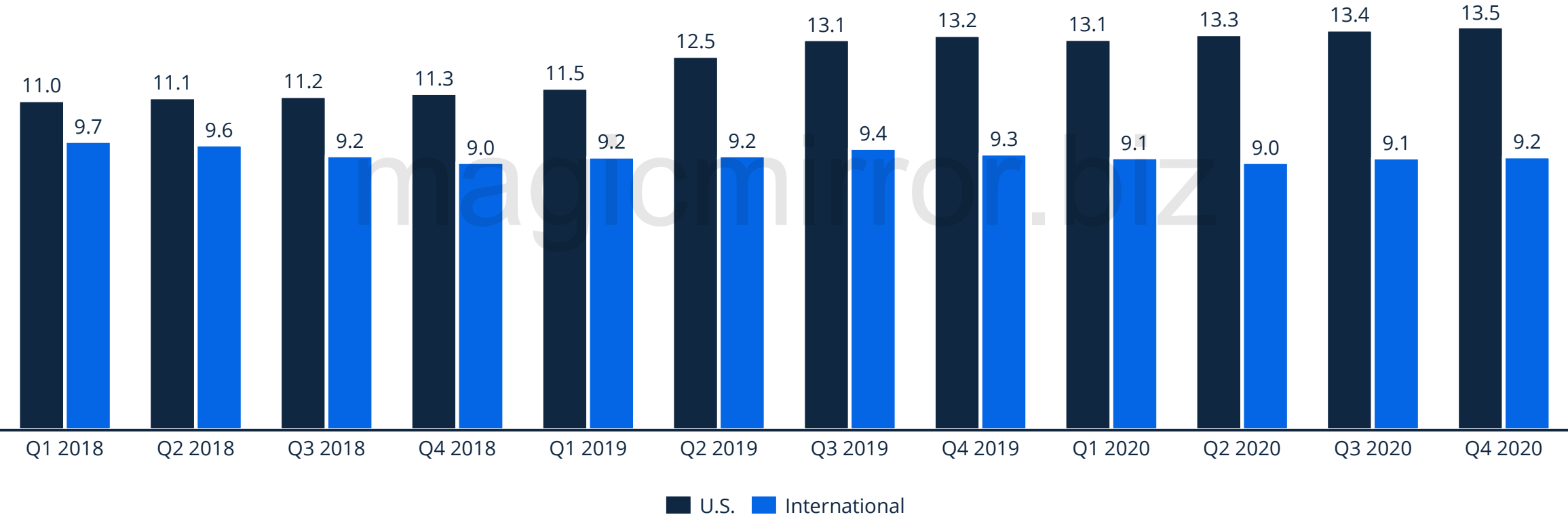
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Netflix ARPU and ARPU growth is highest in the U.S. among all available countries

Company profiles: Netflix (2/2)

Average monthly revenue per paying membership in US\$



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Exclusive content becomes a core element in business strategies of video streaming services

Deep dives: stronger focus on exclusive content

High Investments in the production of “Originals”

With the launch of its video streaming service, Netflix created the possibility to legally access a wide range of movies and TV series from a variety of production studios and publishers in one place. The growing number of competitors – Disney will start its own streaming service in 2019 – and the accustoming to the freedom of unlimited watching of video content has now made it necessary to stand out from other providers. For Netflix and Amazon, focusing heavily on more exclusive content in the future seems to be an opportunity to position themselves as serious players in the film industry and, thus, offer more exclusive content and gain more paid subscribers. With “House of Cards”, Netflix began to produce its own movies and TV series in 2013 already. One year later, Amazon caught up with its exclusive TV series “Bosch”. In October 2018, Netflix announced its plan to open a new production hub in Albuquerque, NM, following the acquisition of ABQ Studios. The company also plans to invest US\$1 billion in new productions. Furthermore, more local TV series for European markets, especially for Germany, were announced. As a part of this new content strategy, both companies intend to screen their self-produced movies in local cinemas as well.



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CHAPTER 3

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10 sectors

190+ geographical entities

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