



Streaming Wars: Disney Is Killing Netflix in This Critical Market

Description

The over-the-top (OTT) video streaming market in India is worth more than \$600 million, according to a PricewaterhouseCoopers report, and it has the potential to grow rapidly. PwC estimates that video streaming in India will clock an annual growth rate of 21.8% through 2023, when the market is reportedly going to be worth more than \$1.6 billion.

So it is not surprising to see **Netflix** ([NASDAQ: NFLX](#)) is betting big on the Indian market by launching [an attractive plan](#) to bring more users into its ecosystem. But the streaming giant seems to be fighting a losing battle in India as rival streaming service Hotstar — owned by **Disney** ([NYSE: DIS](#)) — is ruling the roost.

Indians prefer Hotstar

A recent survey of 7,500 Indians found that 41% of the respondents prefer to watch content on Hotstar, while only 9% chose Netflix.

This massive gap in preference also reflects in the user bases of both services. RedSeer Consulting says that Hotstar has close to 300 million subscribers in India, much higher than Netflix's 11 million. The simple reason why Hotstar has been able to build such an impressive user base is because of its value-for-money proposition.

A user can subscribe to the Hotstar Premium service for a yearly fee of INR 999 (less than \$14 at the current exchange rate), or buy a monthly subscription for INR 299 (just over \$4). The benefits of this service include uncut, ad-free American shows, including *Game of Thrones*, released just minutes after they are aired in the U.S., Hollywood movies, new Indian movies, live sports, and local TV shows.

This is great value considering that Netflix charges INR 799 a month for its most expensive plan and INR 199 a month for its most affordable offering. And Netflix's cheapest plan allows users to consume content only on their smartphones, and in standard definition.

Moreover, Netflix doesn't give users access to live sports which Disney's Hotstar does.

The MoMagic survey found that 55% of the respondents prefer watching TV shows, movies, and sports on online streaming platforms as compared to cable TV. What's more, 30% of the respondents to the survey said that they like to watch sports on online streaming platforms.

So Disney is at an advantage as those Indian users who are cutting the cord and moving to cable TV alternatives are likely to consider Hotstar over Netflix because they are getting much more for a much lower price.

The only restriction with Hotstar is that it can only be streamed on one device at a time. But that shouldn't be a deal-breaker because multiscreen access on Netflix starts from the INR 649 a month plan.

Can Netflix dent Disney's dominance?

Though Netflix has been trying to woo more users in India through its affordable mobile-only plan and [relevant content](#), it is at a significant disadvantage when compared to Disney's Hotstar.

Hotstar is an all-rounder that gives users access to diverse content at a much lower price, which increases its acceptability as a replacement of cable TV. Netflix, on the other hand, could remain restricted to a niche audience in India despite its recent efforts and probably miss out on the multibillion-dollar opportunity presented by the online video streaming market in India.

CATEGORY

1. Investing
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1. Syndicated

TICKERS GLOBAL

1. NASDAQ:NFLX (Netflix, Inc.)
2. NYSE:DIS (The Walt Disney Company)

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