



# digital TV research

---

**October 2017**

**Table of contents:**

- **Netflix expected to withdraw from Russia**
- **North America to add 59 million SVOD subs**
- **China drives Asia Pacific's OTT TV & video boom**
- **MENA OTT revenues to quadruple**
- **Western Europe to reach 65 million SVOD subs**
- **LatAm OTT TV & video thrives despite free services**
- **Mobile distribution essential for African OTT success**

*Editor: Simon Murray*

*Tel: +44 20 8248 5051*

*Free newsletter published: Four times/year*

*[info@digitaltvresearch.com](mailto:info@digitaltvresearch.com)*

*Copyright: [Digital TV Research Ltd](#)*

*Copyright notice: No part of this publication may be copied, duplicated or photocopied without written consent from Digital TV Research Ltd.*

**[www.digitaltvresearch.com](http://www.digitaltvresearch.com)**



<b>Digital TV Research publication schedule for 2017</b>			
	<b>Title</b>	<b>Publication</b>	<b>Price</b>
1	<a href="#">Sub-Saharan Africa Pay TV Forecasts</a>	January	£1200/€1440/\$1560
2	<a href="#">Middle East &amp; North Africa Pay TV Forecasts</a>	February	£1200/€1440/\$1560
3	<a href="#">Asia Pacific Pay TV Forecasts</a>	March	£1200/€1440/\$1560
4	<a href="#">Latin America Pay TV Forecasts</a>	March	£1200/€1440/\$1560
5	<a href="#">North America Pay TV Forecasts</a>	April	£750/€900/\$975
6	<a href="#">Eastern Europe Pay TV Forecasts</a>	April	£1200/€1440/\$1560
7	<a href="#">Western Europe Pay TV Forecasts</a>	May	£1200/€1440/\$1560
8	<a href="#">Global Pay TV Subscriber Forecasts</a>	May	£1800/€2160/\$2340
9	<a href="#">Global Pay TV Revenue Forecasts</a>	May	£1800/€2160/\$2340
10	<a href="#">Global Pay TV Operator Forecasts</a>	May	£1800/€2160/\$2340
11	<a href="#">Netflix Forecasts</a>	June	£750/€900/\$975
12	<a href="#">Global Pay TV Subscriber Databook</a>	June	£750/€900/\$975
13	<a href="#">Global Pay TV Revenue Databook</a>	June	£750/€900/\$975
14	<a href="#">Global Pay TV Operator Databook</a>	June	£750/€900/\$975
15	<a href="#">Sub-Saharan Africa OTT TV &amp; Video Forecasts</a>	July	£1000/€1200/\$1300
16	<a href="#">Middle East &amp; North Africa OTT TV &amp; Video Forecasts</a>	July	£1000/€1200/\$1300
17	<a href="#">Asia Pacific OTT TV &amp; Video Forecasts</a>	August	£1000/€1200/\$1300
18	<a href="#">Latin America OTT TV &amp; Video Forecasts</a>	August	£1000/€1200/\$1300
19	<a href="#">North America OTT TV &amp; Video Forecasts</a>	September	£600/€720/\$780
20	<a href="#">Eastern Europe OTT TV &amp; Video Forecasts</a>	September	£1000/€1200/\$1300
21	<a href="#">Western Europe OTT TV &amp; Video Forecasts</a>	October	£1000/€1200/\$1300
22	<a href="#">Global OTT TV &amp; Video Forecasts</a>	October	£1800/€2160/\$2340
23	<a href="#">Global AVOD Forecasts</a>	November	£1500/€1800/\$1950
24	<a href="#">Global SVOD Forecasts</a>	November	£1500/€1800/\$1950
25	<a href="#">Online TV &amp; Video Sports Forecasts</a>	December	£1500/€1800/\$1950

**[PLEASE CLICK HERE FOR MORE INFORMATION ON OUR LATEST PUBLICATIONS](#)**

**[PLEASE CLICK HERE TO ACCESS OUR CORPORATE BROCHURE](#)**

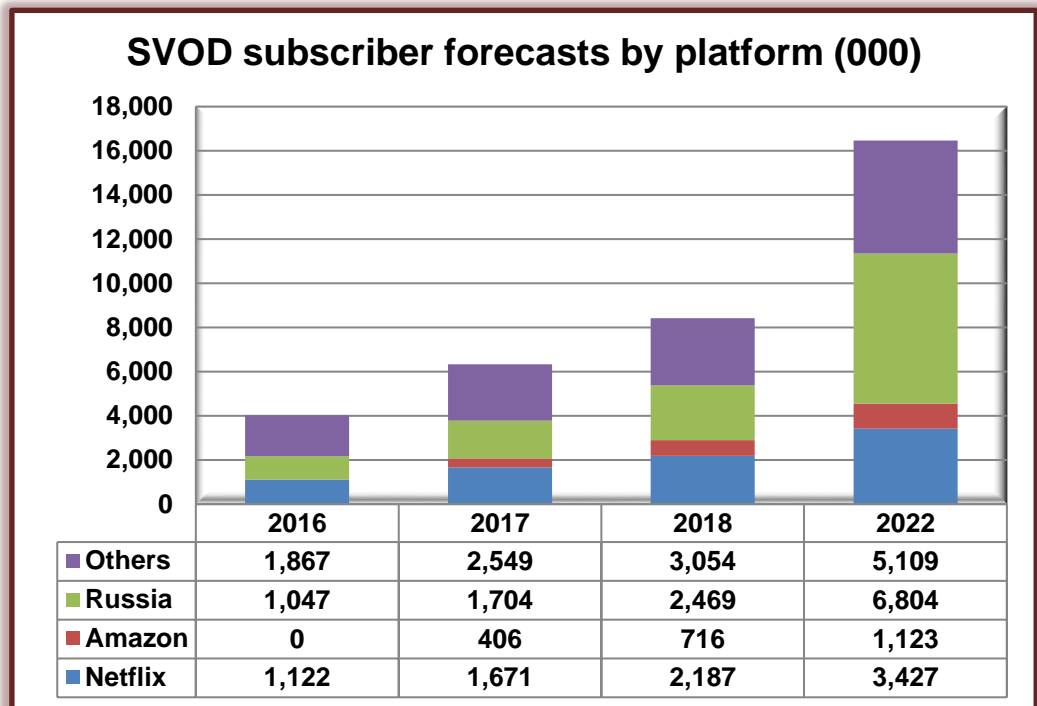
Discounts are available for multiple report purchases.

Please contact [lydia@digitaltvresearch.com](mailto:lydia@digitaltvresearch.com)

**October 2017**

## Netflix expected to withdraw from Russia

Netflix and Amazon Prime Video will boost the Eastern European SVOD sector considerably. [The Eastern Europe OTT TV & Video Forecasts report](#) estimates that Netflix will have 3.43 million subscribers by 2022, nearly triple its 2016 result. Amazon Prime Video's achievements will be less impressive, but will still have 1.12 million subscribers by 2022.



Source: Digital TV Research

These numbers may seem modest, but they will be accomplished without any subscribers in Russia. The Russian regulator has introduced a 20% foreign ownership equity limit on OTT platforms. We believe that this will force Netflix and Amazon Prime Video to abandon their standalone platforms; a major blow to their global ambitions.

Instead, they are likely to license their original content to a local platform. Amediateka already brands itself "home of HBO", so deals with other platforms are possible. Netflix has already done something similar in China with Iqiyi. Amazon Prime Video has very few distribution partnerships at present.

Excluding Russia's 6.80 million SVOD subscribers by 2022, Netflix will control 35% of SVOD subscribers in the remaining 21 countries. Amazon Prime Video will contribute a further 12%.



Digital TV Research forecasts 16.5 million SVOD [subscription video on demand] subscribers by 2022; quadruple the 4.0 million recorded by end-2016. Russia will generate 5.8 million of the additional subscribers, with Poland adding 1.8 million.

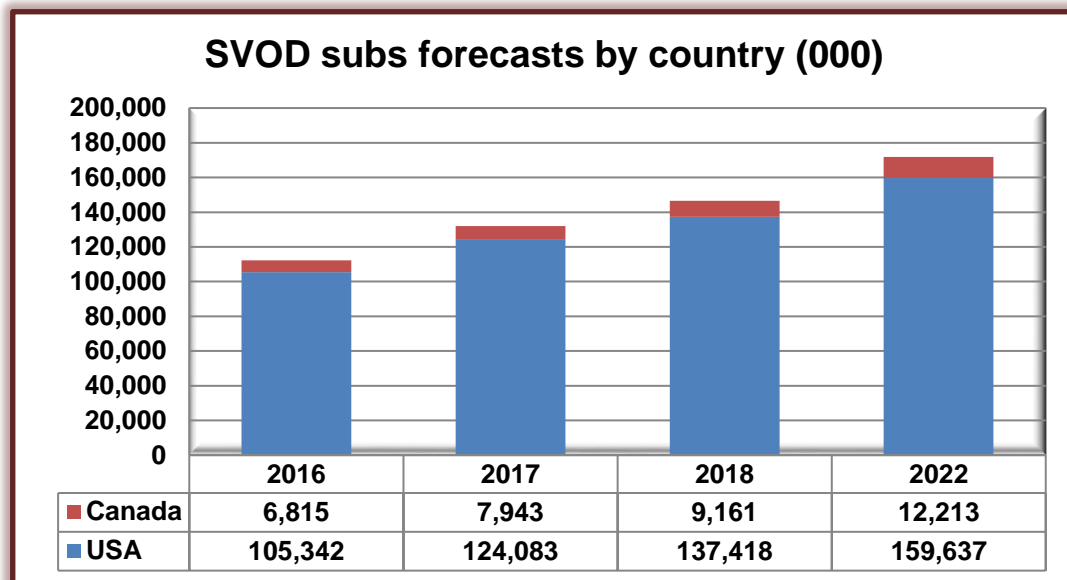
SVOD [subscription video on-demand] will become the region's largest OTT revenue source in 2017. SVOD revenues will total \$1,300 million by 2022 (57% of total OTT revenues) – up from \$190 million in 2016 (34% of total OTT revenues).

OTT TV episode and movie revenues for 22 Eastern European countries will reach \$2.23 billion in 2022; quadruple the \$552 million recorded in 2016. Russia will account for 46% of the region's OTT revenues by 2022, with Poland generating a further 19%.

***October 2017***

## North America to add 59 million SVOD subs

The North American SVOD sector is by far the most mature in the world, with 112 million SVOD subscribers to movie and TV episode platforms by end-2016. However, there is plenty of growth left in the sector. The SVOD total is forecast to climb to 171 million by 2022 – up by 59 million on 2016 or by 53%.



*Source: Digital TV Research*

Simon Murray, Principal Analyst at Digital TV Research, said: “It is important to stress that these figures are gross – many homes take more than one SVOD platform, especially in the US. That explains why we forecast 132% SVOD penetration of US TV households by 2022.”

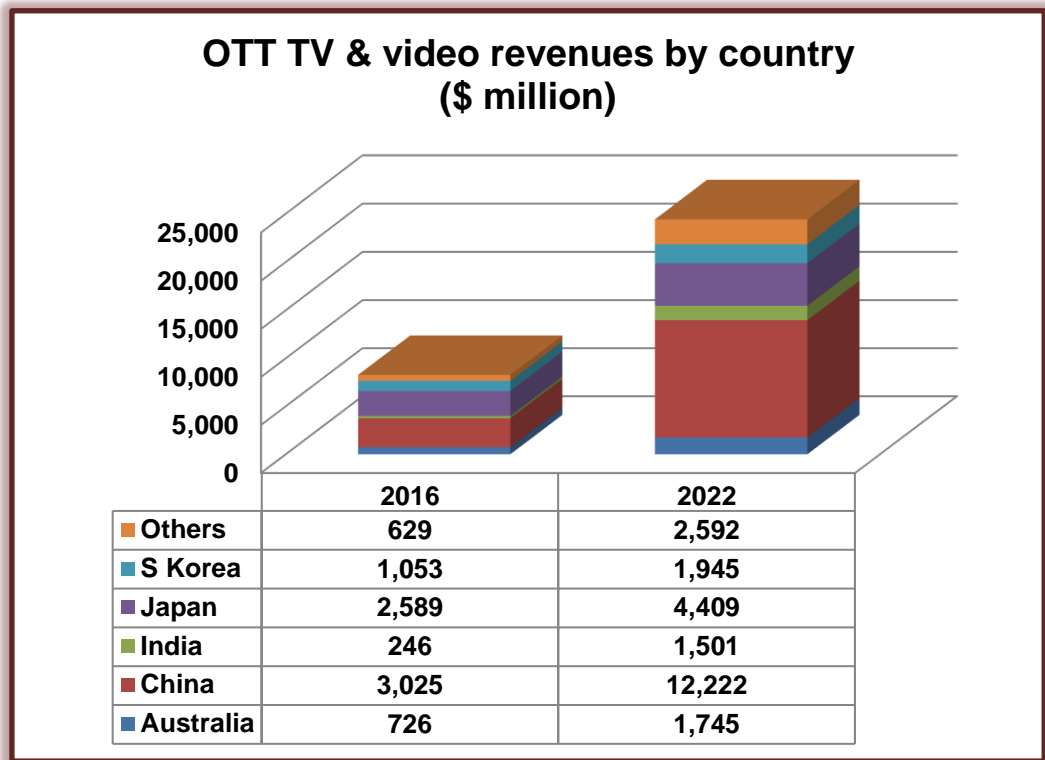
Digital TV Research forecasts that 70.3% of US TV households (85 million) will subscribe to at least one SVOD platform by 2022. The average SVOD household will pay for 1.88 SVOD platforms. This compares to 60.3% of TV households (70 million) TV households subscribing to at least one SVOD platform by end-2016. The average SVOD subscriber paid for 1.5 SVOD platforms at end-2016. Therefore, SVOD penetration growth of TV households will slow considerably, but SVOD homes will buy more services.

The [North America OTT TV & Video Forecasts](#) report concludes that most of the dual SVOD subscriptions will be for Netflix and Amazon Prime Video. These two platforms will account for 72.5% of the North America’s SVOD subscribers by 2022 – down from 78.6% in 2017.

Netflix will have 59 million subscribers in the US by 2022 (up by 11 million or 23% on end-2016) and 7 million in Canada (up by 26% on 2016).

## China drives Asia Pacific’s OTT TV & video boom

Asia Pacific OTT revenues from TV episodes and movies will reach \$24.41 billion in 2022; triple the \$8.27 billion recorded in 2016. The total will increase by nearly \$3 billion in 2017 alone.



*Source: Digital TV Research*

China will command half of the OTT revenues for the 22 countries covered in the [Asia Pacific OTT TV & Video Forecasts](#) report by 2022; rising from just over a third of the 2016 total. China and Japan together will account for two-thirds of the region’s total revenues by 2022.

Advertising revenues on OTT sites and SVOD revenues are running neck-to-neck. SVOD will be the leader in 2017 and 2018, but AVOD will regain the crown from 2019. China will supply 61% of the region’s AVOD revenues by 2022 – or \$7.27 billion.

Asia Pacific SVOD revenues will climb from \$3,388 million in 2016 to \$9,090 million in 2022. China will overtake Japan to become the SVOD revenue leader in 2017.

Digital TV Research forecasts 234 million SVOD subs by 2022, up from 91 million in 2016. China will have 139 million SVOD subs (59% of the region’s total) in 2022. India and Japan will together account for another 50 million, leaving only 44 million divided between the remaining 19 countries.

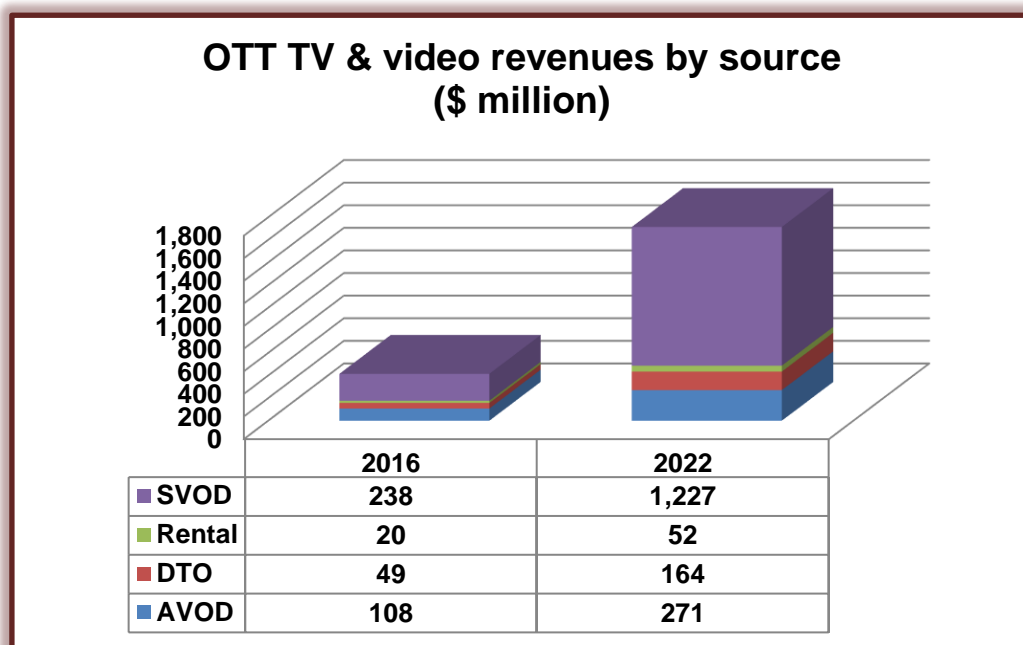


A quarter of the region's TV households will subscribe to an SVOD package by 2022, up from just over a tenth at end-2016.

***October 2017***

## MENA OTT revenues to quadruple

Middle East & North Africa OTT TV episodes and movies will generate revenues of \$1.75 billion by 2022; more than quadruple the \$428 million recorded in 2016.



*Source: Digital TV Research*

According to [the Middle East and North Africa OTT TV & Video Forecasts report](#), SVOD's dominance of the sector will grow. SVOD revenues will reach \$1.23 billion by 2022 (or 70% of the OTT total); nearly \$1 billion more than the 2016 total (56% of OTT revenues).

Digital TV Research forecasts 17.27 million SVOD homes by 2022, up from 3.74 million recorded by end-2016. Turkey will remain the leader by some distance, having established a major local player as far back as 2011.

The top six regional platforms (Netflix, Amazon Prime Video, Icflix, Starz Play, Iflix and Shahid Plus) will account for 39% of the region's SVOD subscribers by end-2022, up from 34% in 2016. Extracting Israel and Turkey, these six platforms will account for 78% of SVOD subscribers by 2022 – down from 88% in 2016.

Netflix will be the largest pan-regional SVOD platform by 2022, with an expected 3.26 million paying subscribers. This is more than quintuple the 2016 total. Longer-established Icflix will cross 2 million subscribers by 2022 – quadruple its 2016 total. Starz Play will add a further 1.60 million. Our forecasts of 695,000 subs for Iflix by 2022 only cover six of its eight current countries in the region.





Simon Murray, Principal Analyst at Digital TV Research, said: “A handful of mobile operators such as Orange, Zain, Ooredoo, Etisalat and Vodafone have assets across several countries. SVOD platforms can gain considerable economies of scale by signing distribution deals with mobile operators. Deals between mobile operators and SVOD platforms are already prevalent in the Middle East and North Africa – offering an example for the rest of the world to follow.”

***October 2017***

## Western Europe to reach 65 million SVOD subs

Western European SVOD revenues will increase to \$6.5 billion by 2022, up from \$2.8 billion in 2016. SVOD [subscription video on-demand] became the region's largest OTT revenue source in 2016 by overtaking AVOD. SVOD's share of OTT revenues will continue to grow, according to the [Western Europe OTT TV & Video Forecasts](#) report.

OTT TV episode and movie revenues for 18 Western European countries will reach \$14.65 billion in 2022; more than double the \$6.90 billion recorded in 2016. Revenues are expected to climb by \$1.69 billion in 2017 alone.

Digital TV Research forecasts 65.07 million SVOD subscribers by 2022, up from 33.96 million by end-2016. About 10.69 million subscribers were added in 2017.

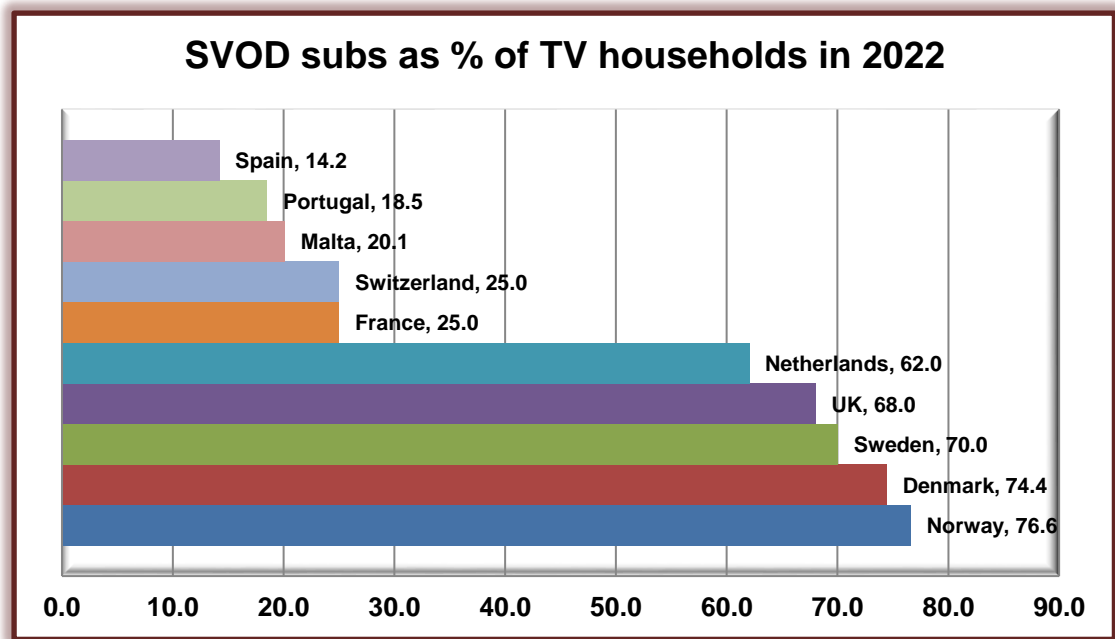
Simon Murray, Principal Analyst at Digital TV Research, explained: "These are gross SVOD subscriptions where one household can pay for more than one platform. Multiple SVOD subscriptions are already popular in Scandinavia and the UK."

He continued: "However, SVOD subscriber growth will be much more modest in countries such as France, Italy and Spain. In fact, Sweden will have more SVOD subscribers than Spain in 2022, despite only having a quarter of the population."

By 2022, 37.1% of Western European TV households will subscribe to an SVOD platform; up from 19.7% at end-2016. This means that Germany, Italy, France and Spain will all still be under the regional average by 2022.

With a rare and ill-advised attempt at humor, Murray continued: "SVOD penetration is higher the further North that you travel. This has nothing to do with the weather or beer-drinking countries versus wine-drinking ones. Penetration will be particularly high in the Scandinavian countries, which have high pay TV, broadband and smartphone penetration. There are also plenty of platforms on offer."

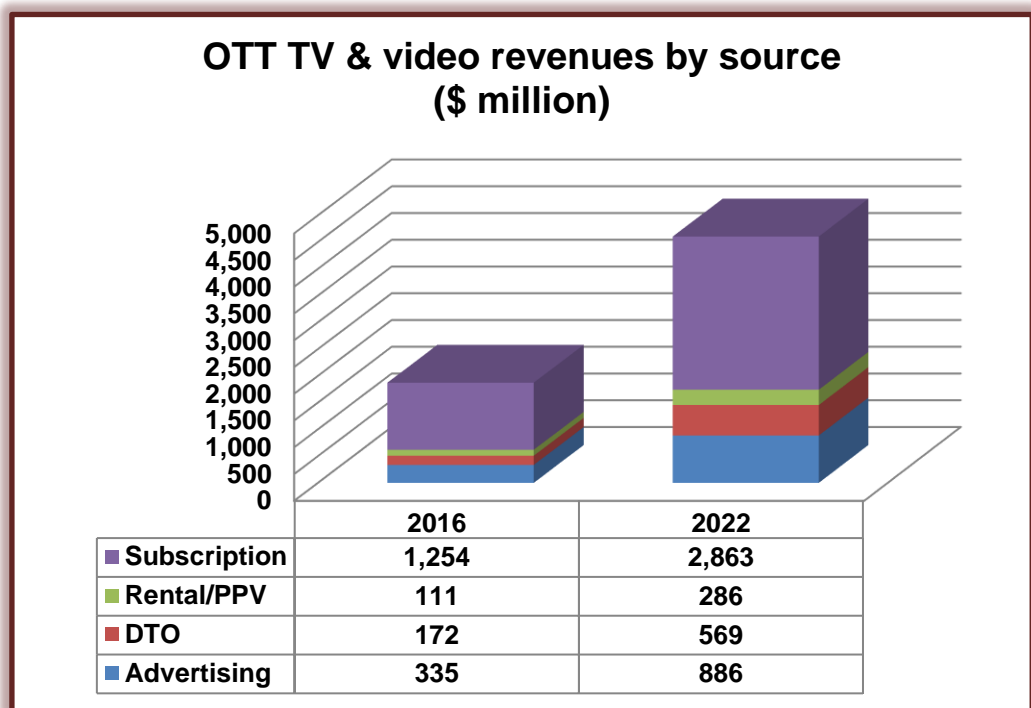
Netflix will remain the largest pan-regional SVOD platform by some distance, with an expected 29.61 million paying subscribers in 2022 – or 46% of the region's total (down from a 55% share in 2016). Amazon Prime Video will be the second largest platform by 2022, with 15 million paying subscribers.



Source: Digital TV Research. Note: This chart only shows the top and bottom five countries. The report covers 18 countries.

## LatAm OTT TV & video thrives despite free services

Revenues from OTT TV episodes and movies for 19 Latin American countries will reach \$4.60 billion in 2022; up from the \$1.87 billion recorded in 2016. SVOD will remain the region's largest OTT revenue source; contributing \$2.86 billion by 2022 (62% of the total).

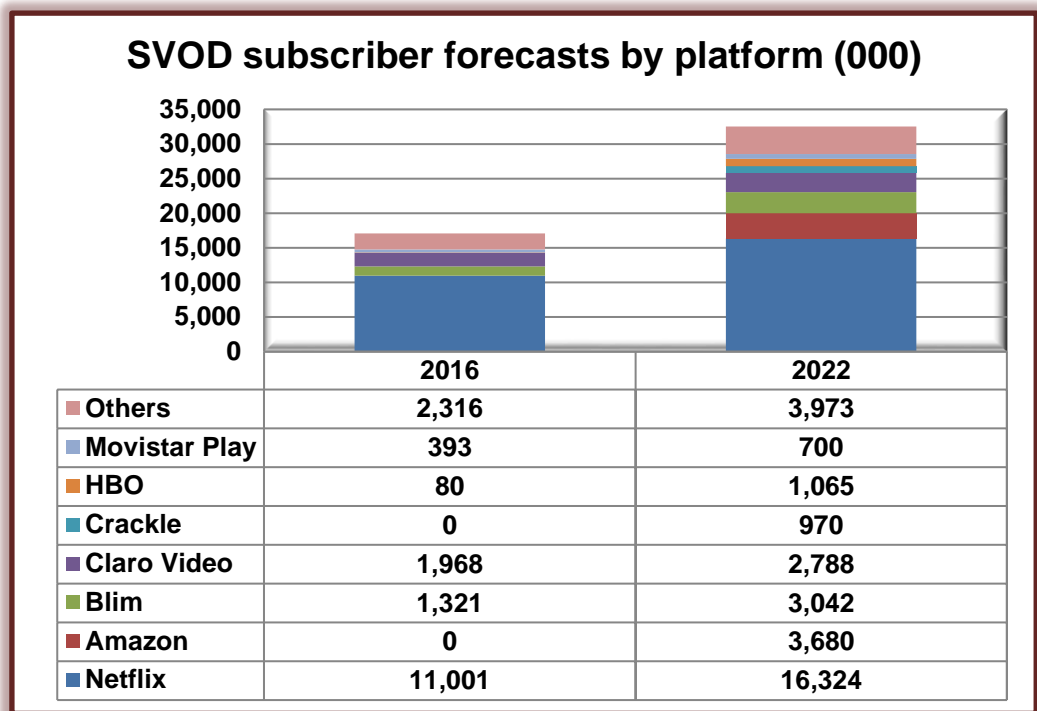


Source: Digital TV Research

The [Latin America OTT TV and Video Forecasts](#) report forecasts 32.54 million SVOD subscribers by 2022; nearly double from the 17.08 million recorded at end-2016. Brazil will account for 34% of the region's SVOD subs by 2022, with Mexico bringing in a further 28%.

Pan-regional services such as Netflix, Amazon Prime Video, Claro Video, Blim, HBO, Crackle and Movistar Play are adding a competitive edge to the SVOD sector.

The top seven regional platforms will account for 88% of the region's paying SVOD subscribers by end-2022. Netflix will remain the largest pan-regional SVOD platform by some distance, with half of the region's total by 2022 (down from a 64% share in 2016).

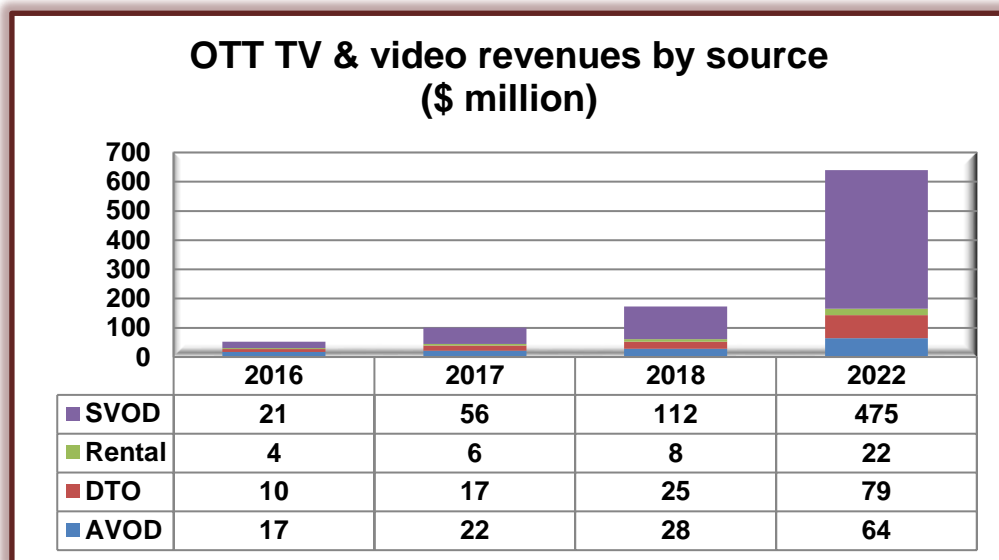


*Source: Digital TV Research*

Simon Murray, Principal Analyst at Digital TV Research, said: “Claro Video and Movistar Play will have a relatively modest number of paying subscribers. However, many more people will access these platforms for free as part of their mobile subscriptions. The same is true of HBO Go, where many homes can gain access to the online service for free as part of their pay TV subscription.”

## Mobile distribution essential for African OTT success

Sub-Saharan Africa OTT TV and video will still be a very immature sector by 2022, with movie and TV episode revenues reaching \$640 million for 35 countries. However, this total is up by a multiple of 12 on 2016's \$52 million, according to the [Sub-Saharan Africa OTT TV & Video Forecasts](#) report. South Africa will account for 40% of the region's revenues by 2022, with Nigeria bringing in a further 21%.



Source: Digital TV Research

SVOD is already the main revenue driver for OTT TV and video. SVOD revenues will reach \$475 million by 2022 (or 74% of the OTT total); up by 22 times on the 2016 total (40% of OTT revenues).

Simon Murray, Principal Analyst at Digital TV Research, said: "It is very important to stress the power that mobile operators have over the future of Sub-Saharan African OTT TV and video.

"Although the total will triple from 2016, we only expect 13 million fixed broadband households by 2022. Fixed broadband is clearly not big enough to sustain a viable OTT sector. However, there will be 486 million smartphone users by 2022.

"The mobile operators know that they are in a powerful position. Not only can they give OTT players access to their extensive subscriber pools, but they can also conduct the billing (thus foregoing the need for SVOD platforms to insist on credit card payments).

"Most importantly, many mobile operators currently charge high data prices for OTT access – which can add considerable costs to subscribers. However, a distribution deal with a mobile operator can substantially cut these costs."



Digital TV Research forecasts 10.12 million SVOD subs by 2022, up from 525,000 at end-2016. South Africa (2.70 million by 2022) will remain the leader, but Nigeria (2.64 million) will be close to taking top slot.

***October 2017***