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THE ASIA VIDEO INDUSTRY REPORT 2019

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ASIA VIDEO INDUSTRY ASSOCIATION



ASIA VIDEO INDUSTRY ASSOCIATION

ABOUT AVIA

The Asia Video Industry Association (AVIA) is the trade association for the video industry and ecosystem in Asia Pacific. It serves to make the video industry stronger and healthier through promoting the common interests of its members. AVIA is the interlocutor for the industry with governments across the region, leads the fight against video piracy and provides insight into the video industry through reports and conferences aimed to support a vibrant video industry. AVIA evolved from Casbaa in 2018.

Asia Video Industry Association
20/F Leighton Centre, 77 Leighton Road
Causeway Bay, Hong Kong

www.asiavia.org

WHAT IS AVIA

THE VOICE
OF THE
INDUSTRY WITH
GOVERNMENTS
AND
REGULATORS

COMMITTED
TO PROVIDING
INSIGHT
THROUGH
ENGAGEMENT

DEDICATED TO
FIGHTING AND
REDUCING VIDEO
PIRACY

The Asia Video Industry Association (AVIA) exists to make the industry stronger and healthier and thus create a better business environment for its members.

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CONTENTS

6	REGULATORY POLICY
10	COMBATTING PIRACY
22	ASIA PACIFIC VIEWERS
44	COUNTRIES IN FOCUS
62	OTT & STREAMING
108	ADVERTISING OVERVIEW
122	MEASUREMENT GUIDE
137	ACRONYMS

Please note that data provided by third parties has been generated independently and represents their own views.

INTRODUCTION

There was a time when the video industry in Asia was simple. The industry was television, and television meant channels. There was free TV and pay TV. Pay TV was a combination of subscription and advertising. Signals were delivered by cable and satellite.

Simplicity is a thing of the past. Today, consumers engage with video more than they ever have before, and technology continues to be the great leveller in allowing access to that video over any device. Investment in content continues to surge as we see more quality content in almost every genre and every language than at any time before.

Linear television is still enormous; pay television revenues still dwarf any other subscription business model, but never has growth been so hard to come by. Developed markets are seeing cord-cutting and shaving, and in developing markets the number of cord-nevers are not reducing significantly.

The market for on-demand video services is exploding. This is where everyone seems to be converging – native streaming companies, pay TV platforms, mobile service operators, pay TV broadcasters, Free-to-Air broadcasters and more. And the business models behind these services are evolving the whole time.

Never has the need for an industry association been greater. And it is this background of change that led to

us becoming the Asia Video Industry Association in August of 2018. We represent the broader professional video industry and the ecosystem that surrounds it.

We are committed to making the industry stronger and healthier as we engage with governments and regulators to ensure markets are open, and policies are designed to foster growth and innovation.

We are committed to fighting video piracy through enforcement, disruption and education, again working closely with government bodies to use the existing laws to maximum effect and encouraging changes to regimes that can better protect IP.

We are committed to providing insight into this most vibrant and creative of industries, through seminars and conferences, through reports and studies, and through our committees.

This publication is a general guide to the state of the Asia Pacific video industry and how it is evolving and growing. We are very grateful to all the members and other contributors who have shared their insights and knowledge to help make this publication an invaluable resource to navigate our rapidly changing marketplace.

AVIA would also like to thank Jane Buckthought for her efforts. ■

REGULATORY POLICY



REGULATORY POLICY

Since the inception of the broadcasting (and satellite) industries, regulation has been a constant feature of life and work. AVIA's mission is to be the voice of our industries, throughout our 17 Asian markets, and to advocate for policy approaches that facilitate growth and development. On issues spanning a wide range – from satellite spectrum allocation to advertising rules to censorship to cable rate regulation; we articulate to governments the concerns of our members as well as our collective vision of a healthy and dynamic content ecosystem – for governments that make wise policy choices.

These days, AVIA's task has grown exponentially harder. Governments have always had widely different conceptions of how the video industry ought to be organised, but it's safe to say that, for most Asian political leaders, the arrival of a new, innovative but rambunctious online content ecosystem is not a welcome development. Confronted with the fact that their citizens in huge numbers are already viewing content from a host of widely different online services – from SVOD movies to user-generated VLOGs to live sports to other people's social media streams – politicians and regulators frequently try to fall back on the legacy structures and rules from the dawn of time (actually, the twentieth century!)

But, even as huge consumer demand has developed for this multitude of new content technologies and services, it is becoming ever-clearer that the old rules are no longer fit for purpose. We are not bashful about telling governments they really need to lighten regulatory burdens on traditional pay TV systems to avoid competitive destruction of tax-paying, law-abiding broadcasting businesses by the tsunami of online content in every wired part of Asia.

And so a key message for Asian governments is: our industry cannot succeed while bearing legacy regulatory burdens, and in the face of rampant piracy. Government activism is needed to reform outdated pay TV rules and to help suppress unauthorised and illegal piracy platforms. On the other hand, activism to impose legacy regulations on new content services is highly undesirable.

In summary, it is a serious error for policymakers to try to treat all video sources as if they are the same. With regard to content regulation, in particular, our members make up the legitimate, professional, and responsible part of the video industry. We create and distribute quality content; we curate our platforms carefully; we try to live within the social mores of each of the societies where we are present and we are responsive dialogue partners for governments in our region.

The appropriate way to regulate our part of the video industry – online or in walled gardens – is with a very “light touch”, relying on self-regulation and parental controls to achieve social goals while still allowing us to compete.

Those are the values and positions that AVIA promotes; we hope governments are listening. After all, recent months have revealed aspects of the online

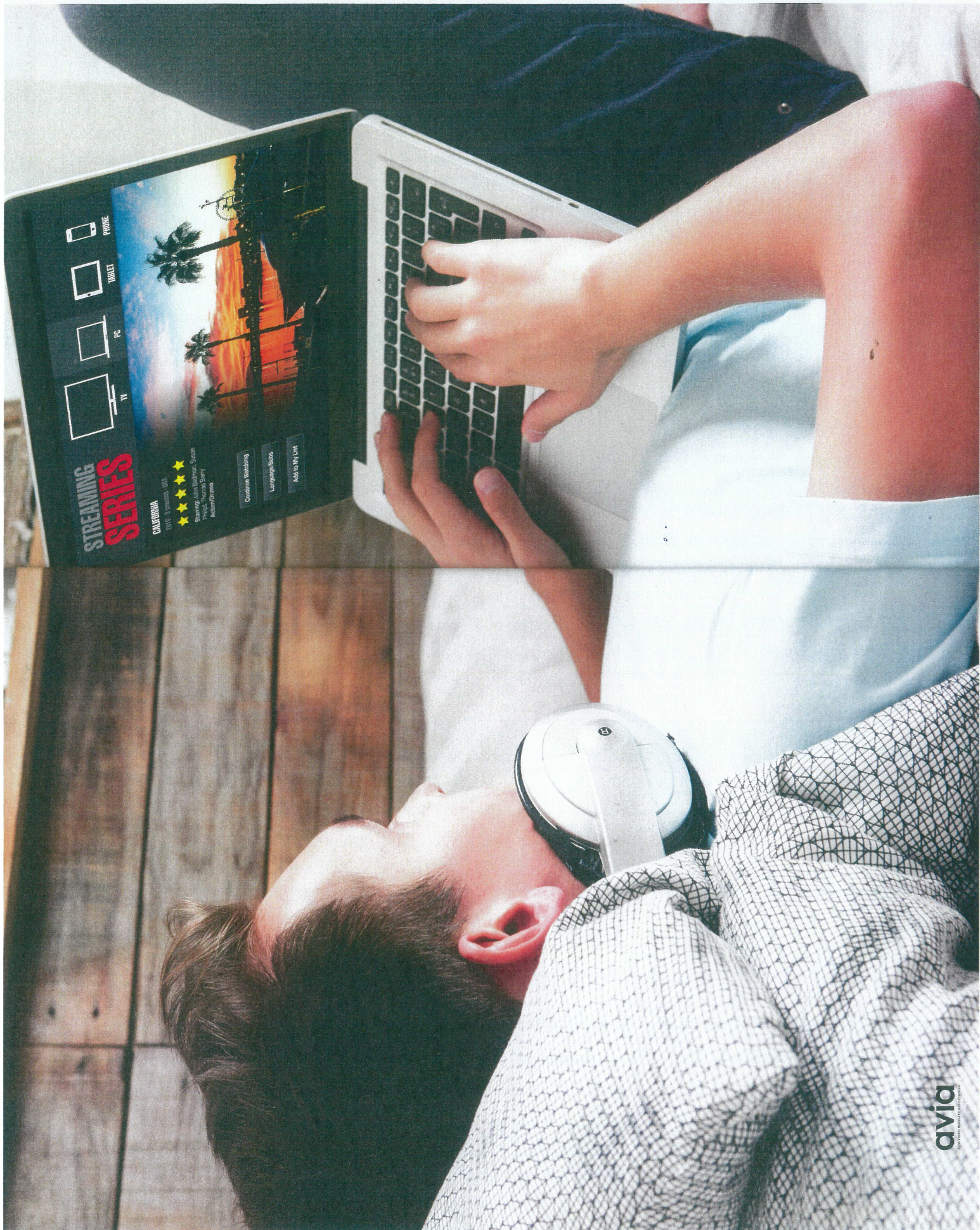
environment that are deeply disturbing – to all of us! Misuse of platforms to spread deliberate falsehoods, misplacement of advertising to support porn, exploitation, and even terrorism, propagation of malware – there are a host of ills. Our message to governments is a simple one: if there are big problems online, they're not ours! ■



by John Medeiros
Chief Policy Officer,
AVIA



COMBATTING PIRACY



ASIA PACIFIC PAY TV IN VIEW

The Asia Pacific pay TV industry is in the midst of significant change. We highlight key themes and trends:

1. THE LANDSCAPE

Household consumption and expenditure remain important, but both are shifting to individual users due to greater mobility. This is having a profound impact on pay TV as online video platforms either co-opt or disrupt traditional pay TV. At the same time, the slow but sure ubiquity of broadband – both at home and on mobile – is driving the adoption of piracy, which is hurting pay TV customer growth. Industry bodies and key players are taking action, especially in South East Asia and Greater China. Positive results have been slow though they are trickling through in markets such as Singapore.

Pay TV operators are responding through: (a) Product innovation with the rollout of Android set-top boxes (STB) across South East Asia, Greater China and India, set to accelerate in 2019; (b) A deeper shift to IP-based distribution and STB integration with OTT operators; and (c) The rollout of authenticated and pure play SVOD offerings. Each needs to accelerate at significant pace in 2019 if operators are to protect ARPUs across core markets and stem cord cutting in developed markets.

Source - Media Partners Asia

5. CONTENT

Operators are increasingly investing in local mass and premium content segments to differentiate and cater to the needs of important customer verticals. Premium sports remain a vital lifeline for many pay TV operators though, increasingly, operators are also losing such rights to big online players such as Facebook; in Thailand and Vietnam, for instance. Operators excluding India are also challenged in customer retention across key tiers such as children, sports and Hollywood entertainment due to greater demand online.

2. THE BUNDLE BENEFITS

Pure play direct-to-home (DTH) satellite operators are struggling to maintain growth due to a lack of broadband. This is deeply impacting growth in Indonesia, Malaysia and, to a lesser extent, India. Bundled service operators with IPTV and high speed internet continue to grow, especially in Indonesia and South Korea, but even in these markets, customers are shifting to packages with broadband and OTT.

3. OTT

The proliferation of broadband is helping fuel the growth of legal online video consumption. At the same time, investment in online video content, anchored to premium entertainment and sports, has started to grow at a significant pace as platforms drive customer acquisition, conversion and consumption. This is creating a new ecosystem for premium content in China in particular.

4. TELCOS

Telcos have emerged as important aggregators of video services and brands, boosting online video viewing (and in certain instances, pay TV) as well as data consumption through a variety of models. This evolution is critical for telcos fighting commoditisation and displacement. In certain instances, most notably in Australia, India and South East Asia, telcos are actively investing in video content and distribution, as well as related verticals such as gaming and ecommerce.

6. AUDIENCES & ADVERTISING

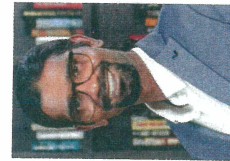
New research from BARC and Kantar, in India and Malaysia, is helping boost the pay TV audience & advertiser proposition. A challenging macro climate will however limit pay TV advertising growth in most markets, in 2018 and 2019. That said, pay TV audiences are strong and robust in India, South Korea, Malaysia and the Philippines.

7. MACRO-ISSUES

Tariff wars and a strong US dollar will have a negative impact on most markets and hurt pay TV operators in particular in the near-term. ■

2018	Legal SVOD OTT penetration per capita
Australia	40%
China	14%
Hong Kong	30%
India	8%
Indonesia	4%
Japan	13%
Korea	38%
Malaysia	4%
New Zealand	24%
The Philippines	2%
Singapore	7%
Taiwan	12%
Thailand	1%
Vietnam	1%
Total	11%

MARKETS	Pay TV Subscribers (000s)		Pay TV Penetration of TV Homes (includes subscribers to multiple platforms) (%)	
	2017	2018	2017	2018
Australia	3,001	2,851	33%	31%
China	366,736	378,670	57%	56%
Hong Kong	2,151	2,146	81%	79%
India	154,954	160,124	79%	79%
Indonesia	5,590	6,360	13%	15%
Japan	11,590	11,571	23%	23%
Korea	32,773	33,260	100%	100%
Malaysia	3,690	3,570	51%	49%
New Zealand	701	670	41%	39%
The Philippines	3,839	4,138	19%	20%
Singapore	859	795	57%	49%
Taiwan	7,090	7,261	86%	87%
Thailand	7,015	6,893	31%	31%
Vietnam	10,795	11,381	53%	54%
Total Asia Pacific	610,784	629,690	57%	57%



by Srivathsan A R
Senior Analyst,
Media Partners Asia

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