

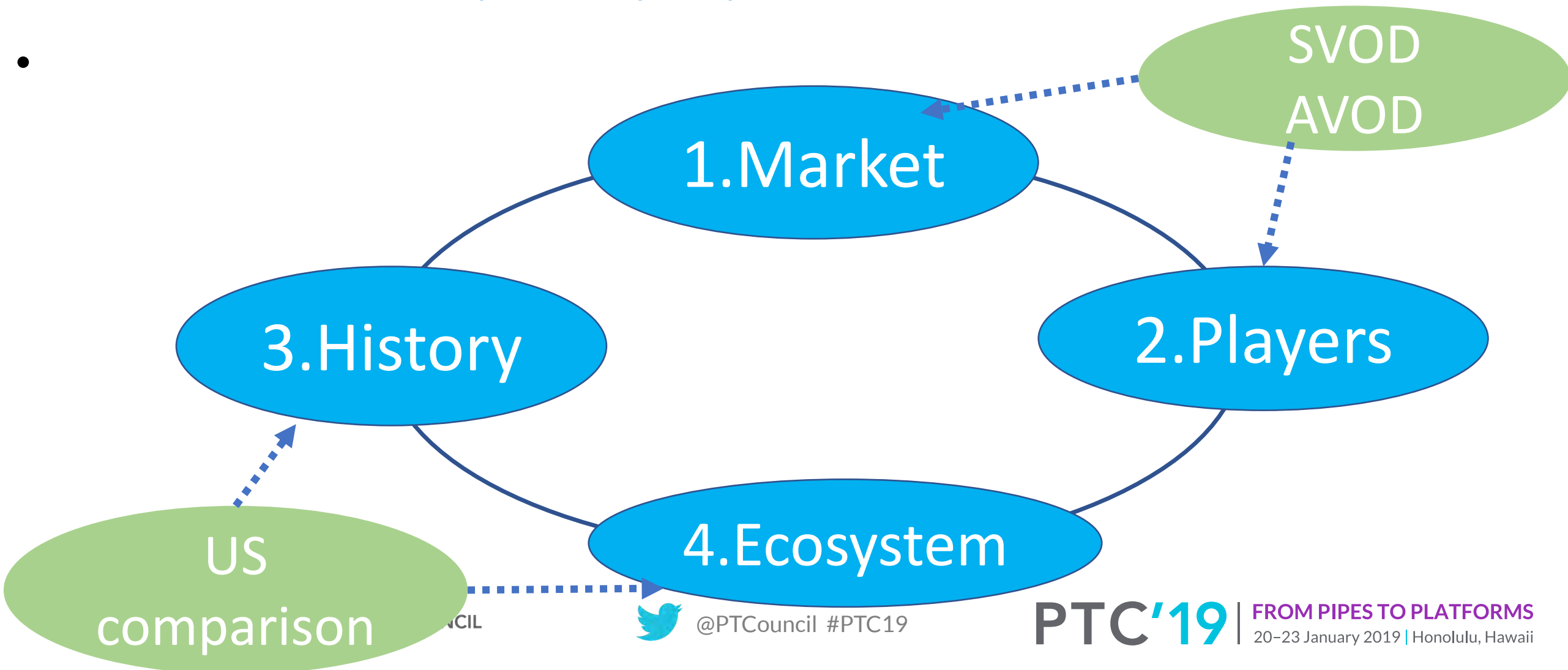


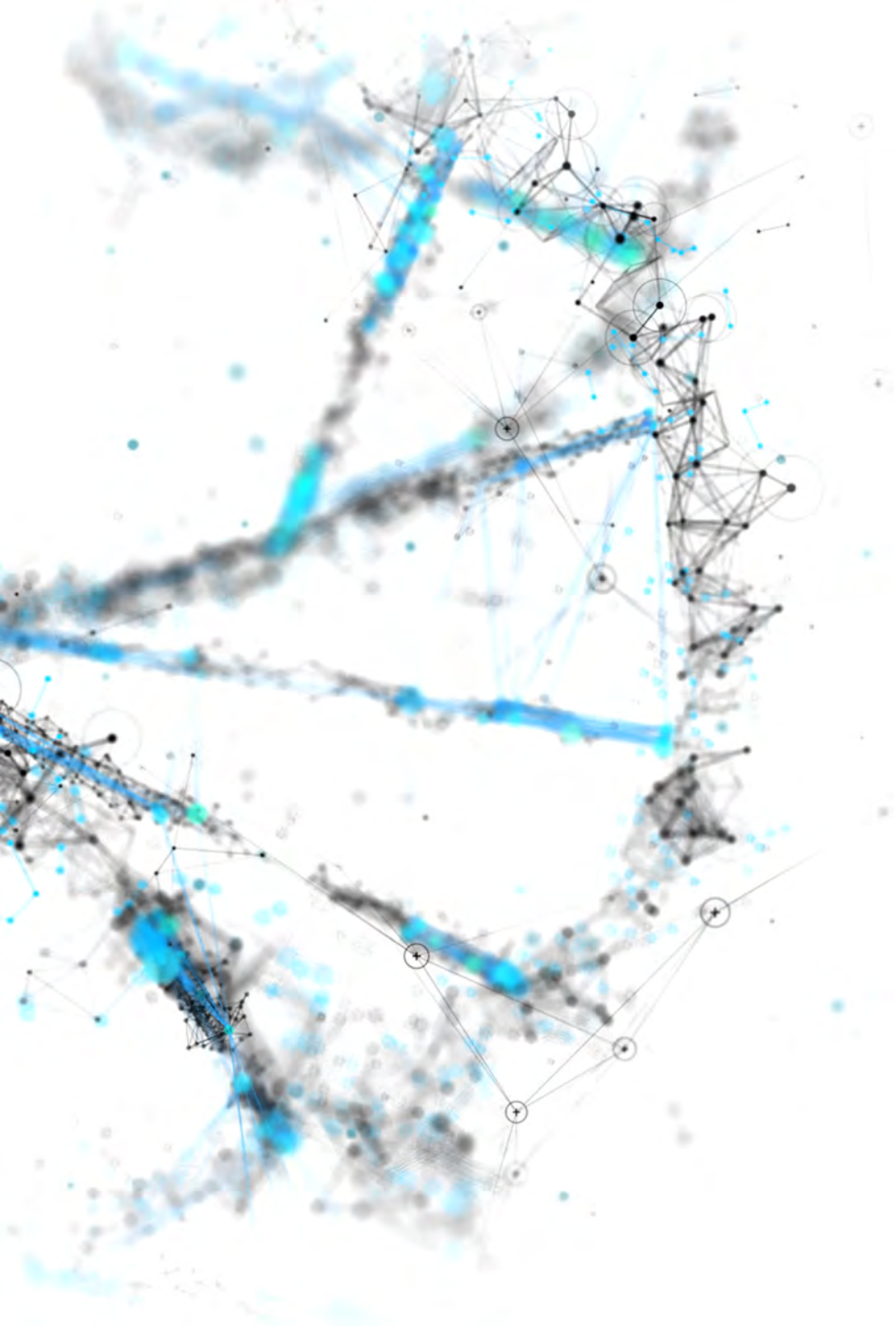
How has the Japanese market responded to global OTT-V development?

Jan.20, 2019

Yoko Nishioka, Komazawa University

View points of this presentation in order to explain players' behaviors

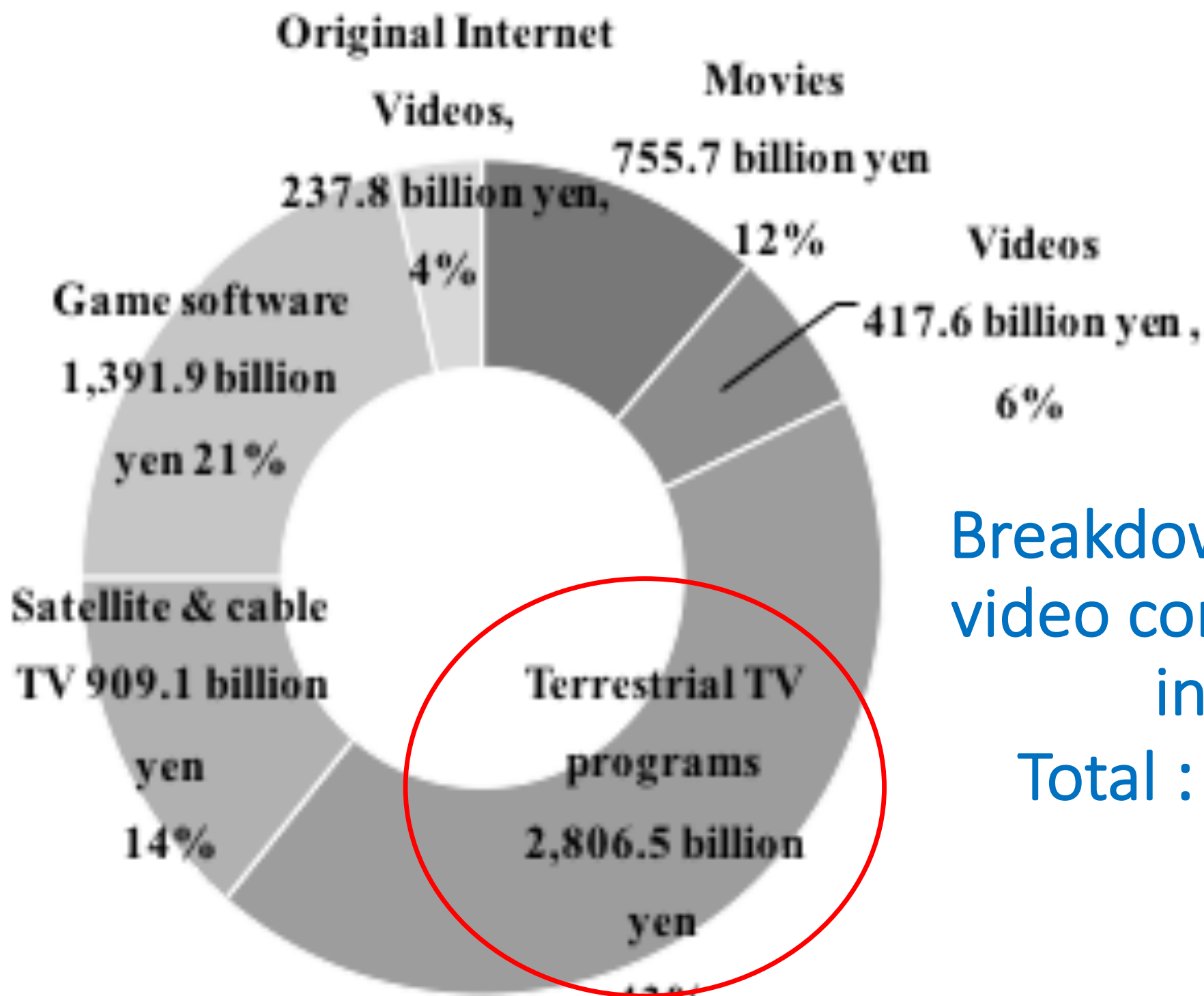




Market

Market environment in Japan

- No regulation for OTT
- A homogeneous market regarding ethnicity
- The terrestrial TV programs are the most popular content
- Young generations increasingly prefer net devices

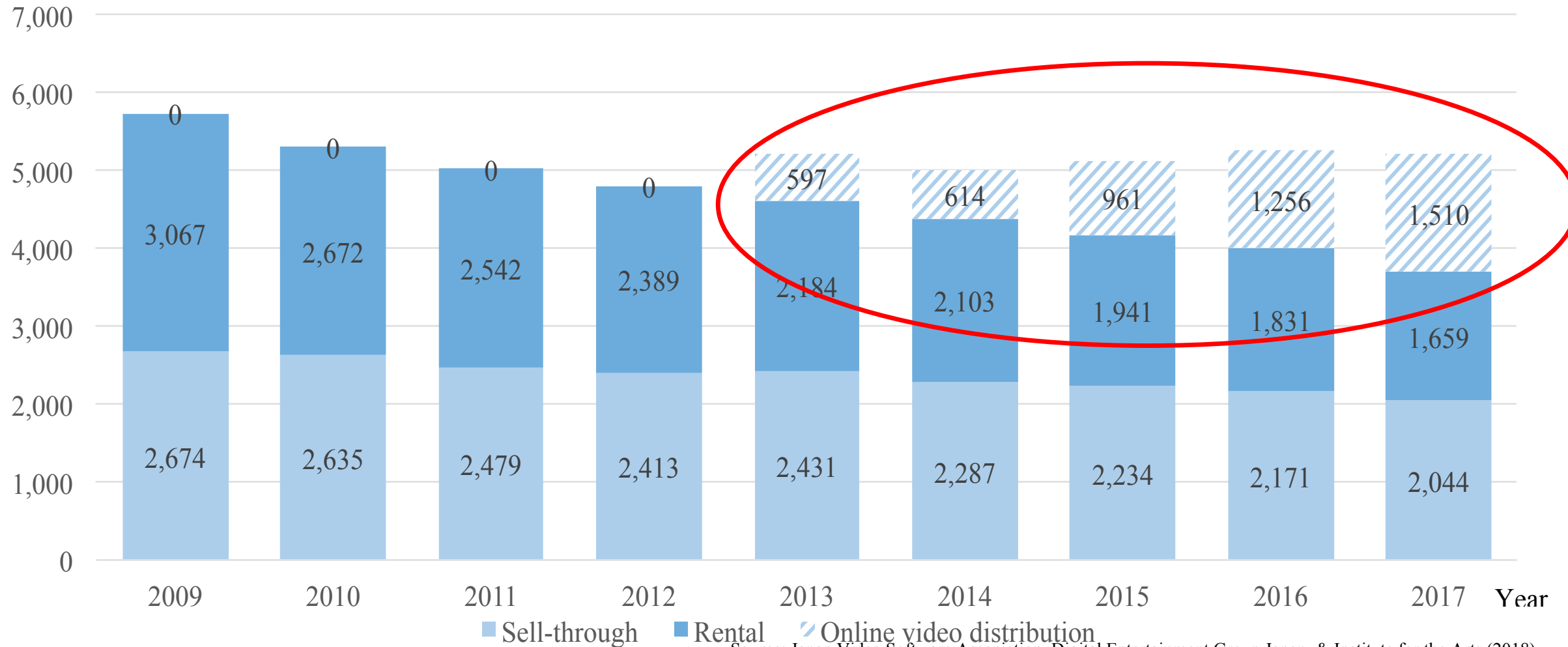


Breakdown of Japan's video content market in 2016

Total : 6.5186 trillion yen

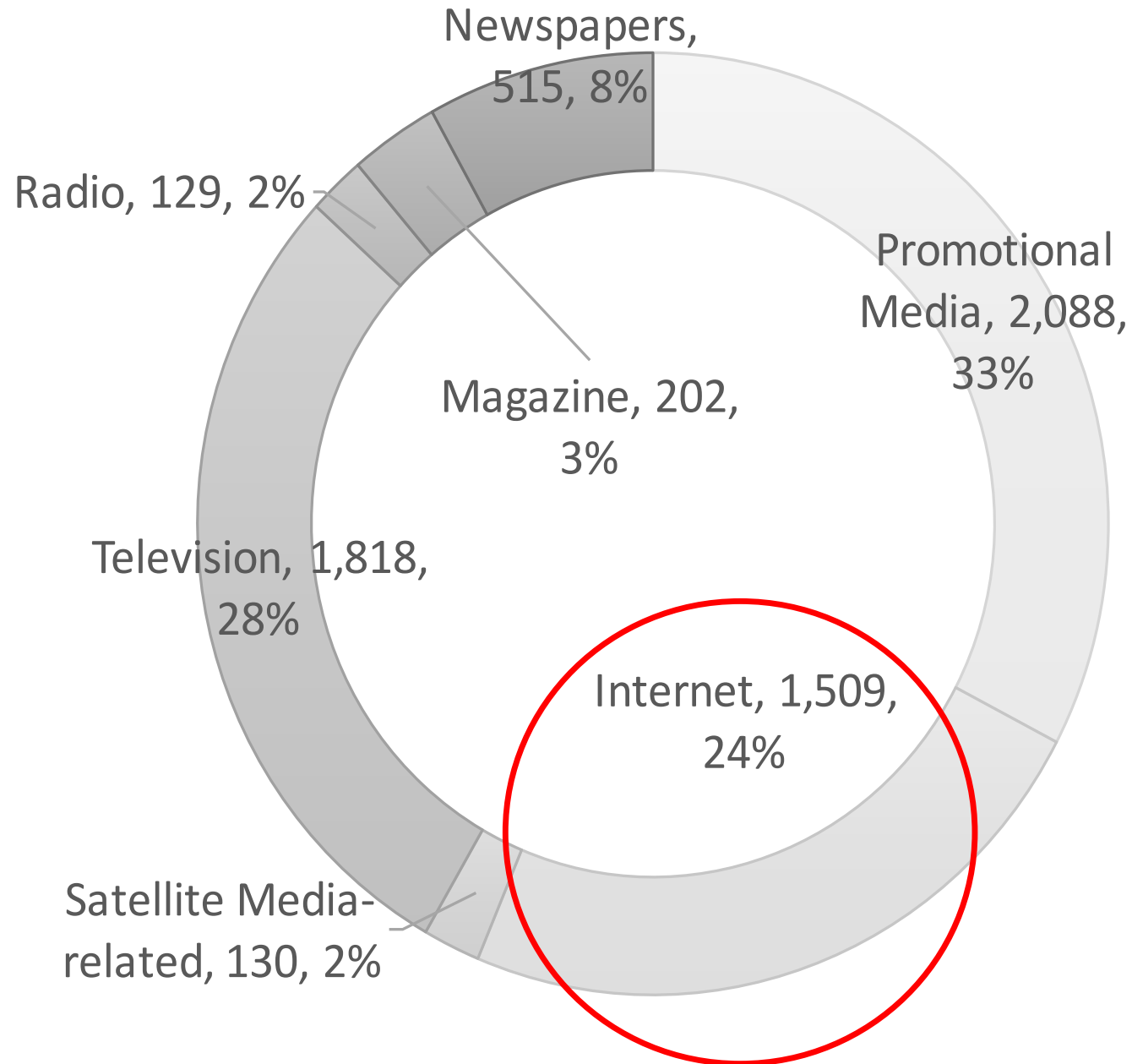
Transition of video software market scale in Japan

100 millions of
yen



Source: Japan Video Software Association, Digital Entertainment Group Japan, & Institute for the Arts (2018)

Billion
yen



**Advertising market
in Japan (2017)
Total: 6,390.7 billion yen**

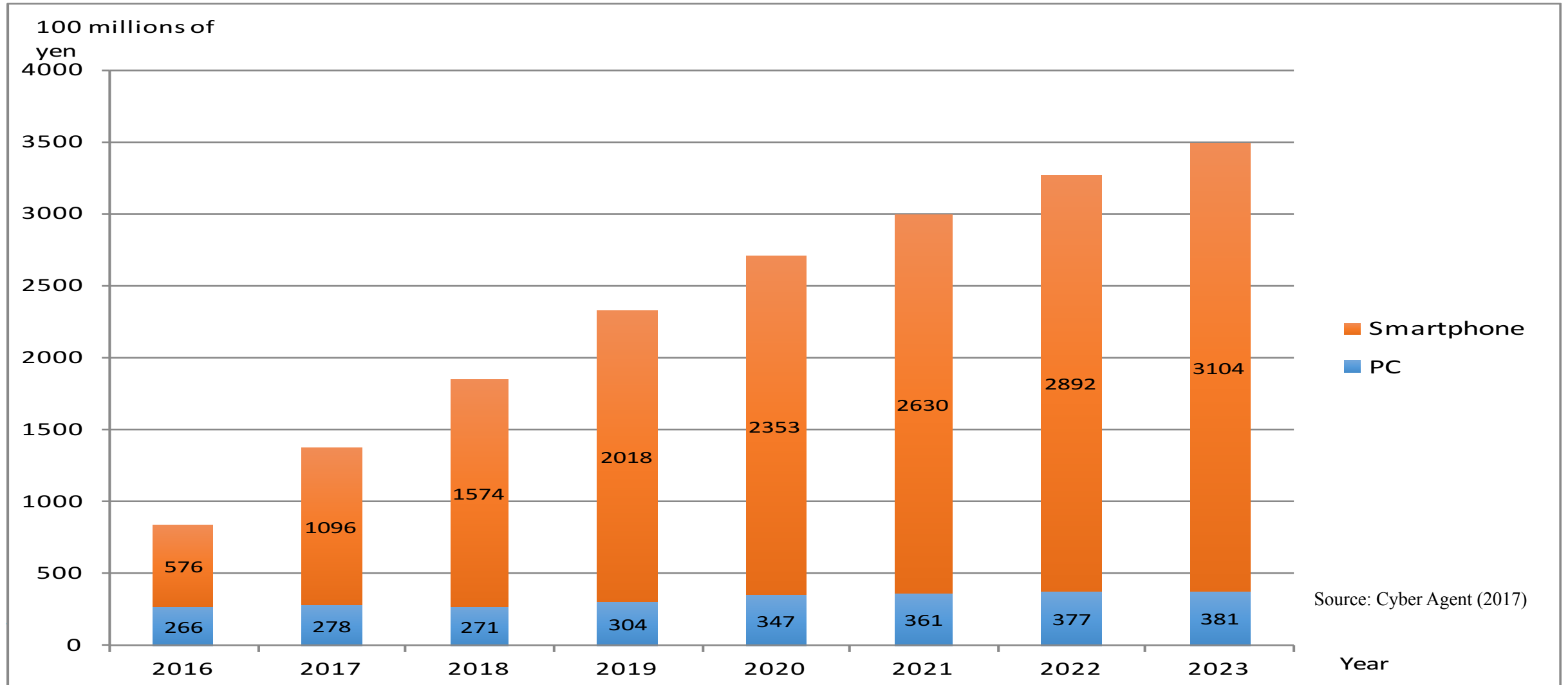
Source: Made from Figure “Advertising Expenditures” (Dentsu 2018, p27)

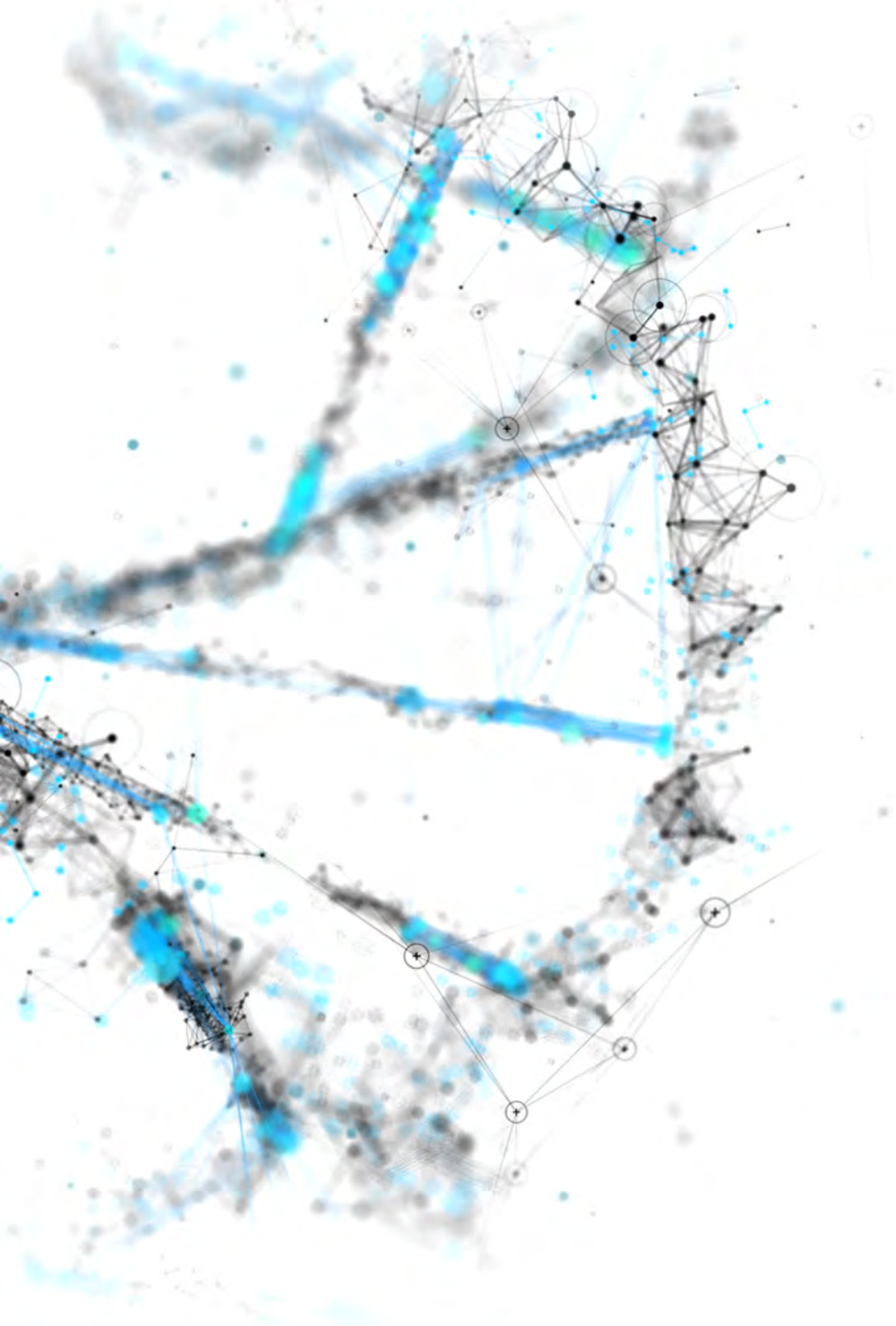
FROM PIPES TO PLATFORMS

20-23 January 2019 | Honolulu, Hawaii

Video advertisement market(=AVOD) forecast in Japan

(by devices)





Players

Variation of Players

Old players

- TVs,
- Telecoms
mobiles, landline

New players

- IT ventures
ex. Netflix, Amazon
- Others
anybody utilizing solution
provider and cloud services

Top 10 pay video streaming services (2018, multiple answers)



In SVOD market US/UK giants have been attracting Japanese customer very quickly.

Source: Modified from Figure 3 (Impress 2018)

dTV

- NTT Docomo (the largest mobile company) and Avex (a major music label)'s project
- The biggest service provider of SVOD before 2015
- Effective sales promotion and low cost for mobile subscribers



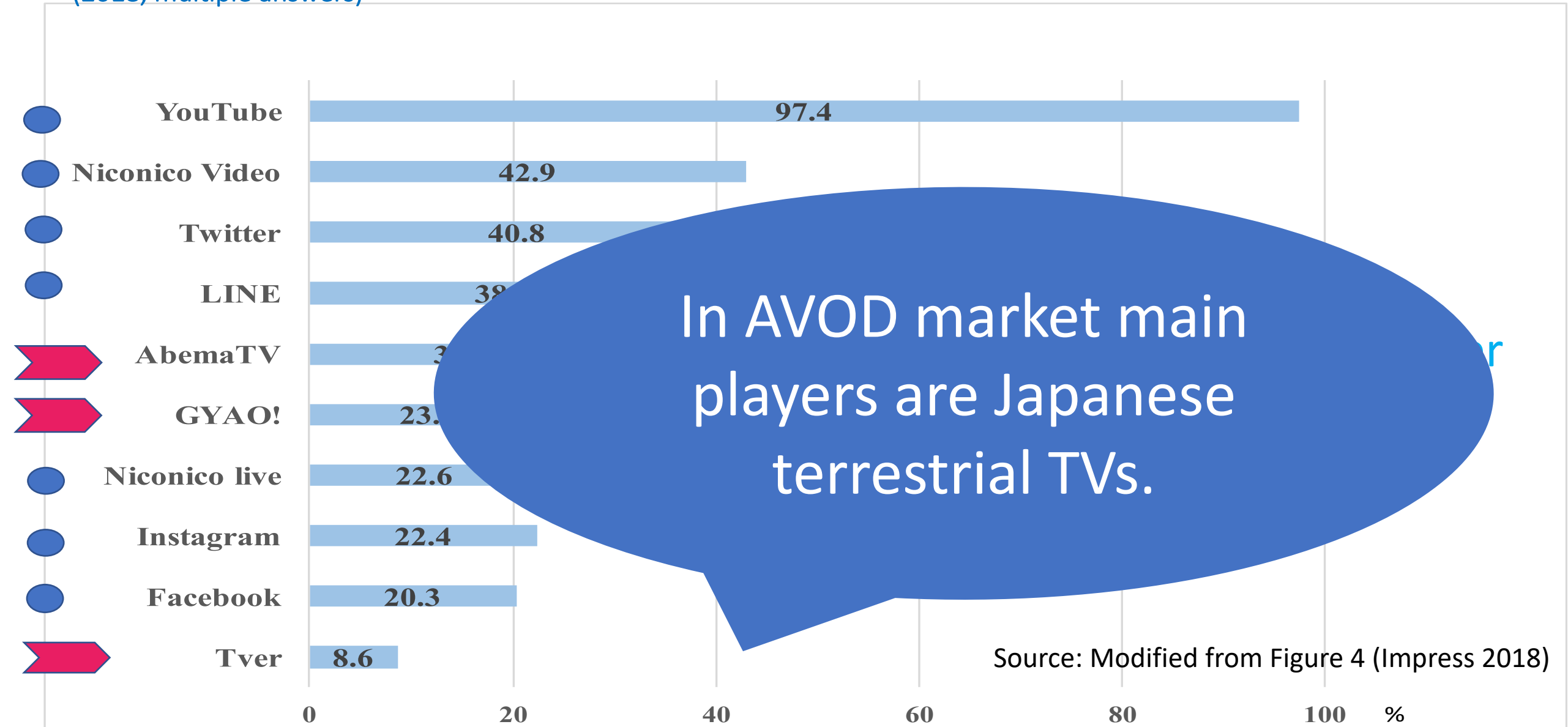
Paravi (Premium Platform Japan)

- Media platform by six media companies, including two key terrestrial TVs, one national newspaper, one major satellite channel, and two major advertising agencies.
- Started in 2018
- SVOD service
- With some original programs



Top 10 free video streaming services

(2018, multiple answers)



Abema TV

- Joint venture between TV Asahi, one of key station of terrestrial networks and Cyber Agent, IT venture
- Add –supported Internet TV station with original programs for PC and portable devices
- Started in 2016



GYAO

- Add-supported streaming service by Yahoo, Japan and GyaO, a group company of Yahoo, Japan.
(Part of promotions of Yahoo, Japan)
- Originally started in 2005 by USEN, a competitive telecom provider
- SVOD service started in 2018

GYAO

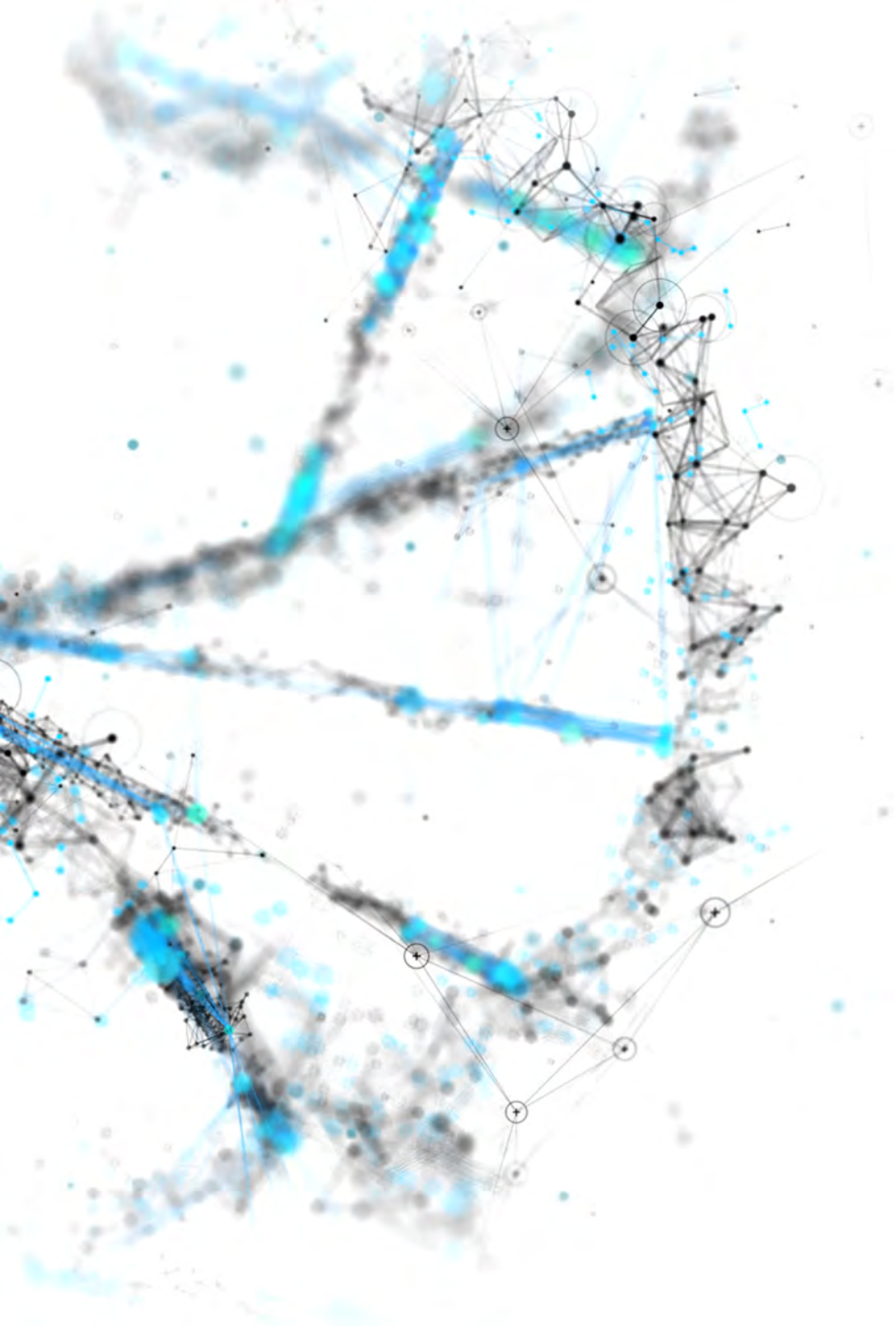
TVer



- The portal site for add-supported catch-up service by 5 of terrestrial networks, established in 2015
- Users can access each network's service through TVer
- This is planned against piracy viewing and to prepare foreign giants market entry to Japan

Players in Japan, compared to the US

- Main players are old players such as TVs and mobile telcos
- IT ventures are limited
- There is no international player from Japan so far



History

TVs had been slow before 2015

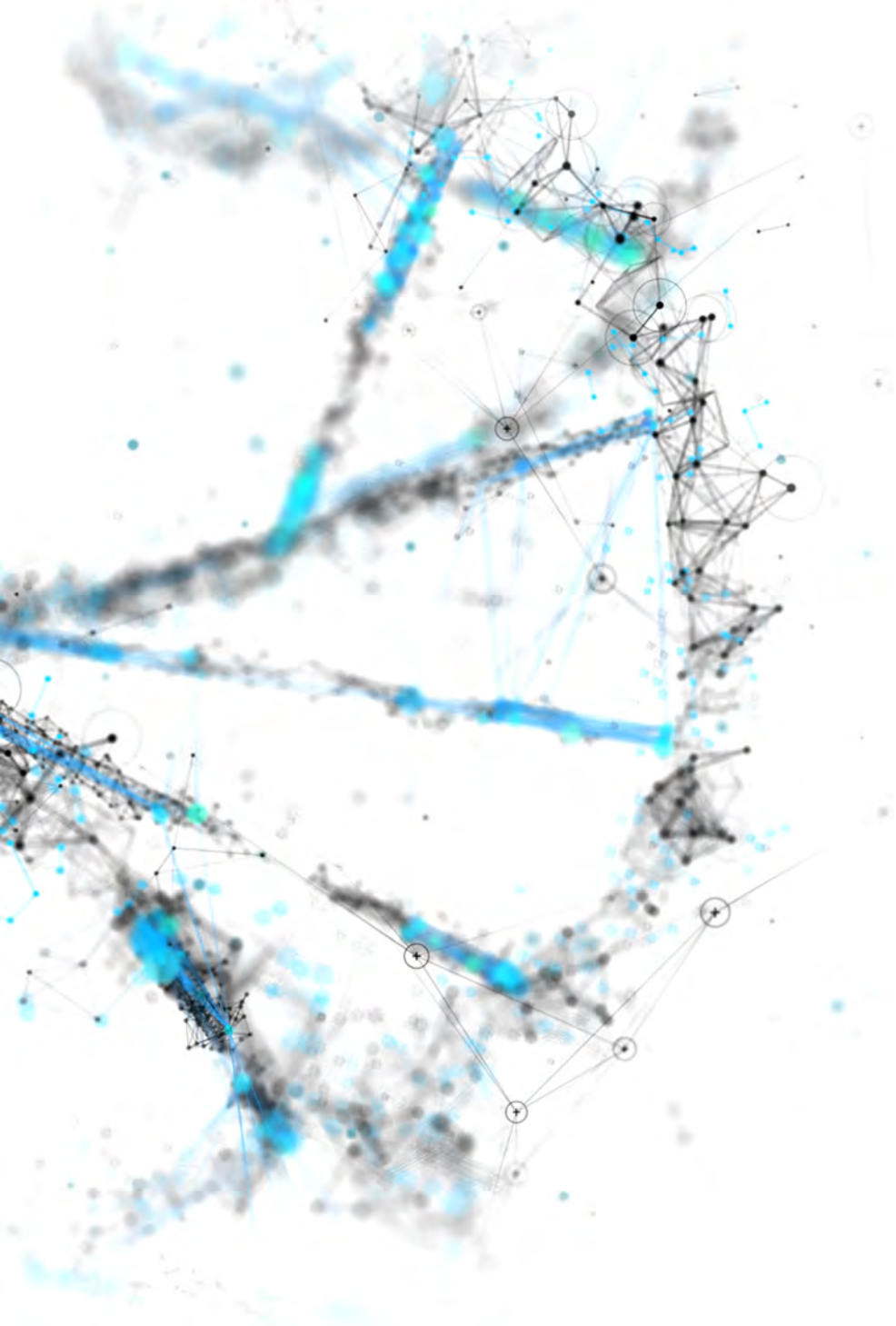
- 2005 was the first year as well. Telecoms had been controlled the OTT market at the first stage. With the entry of Netflix and Amazon in 2015 broadcasters became suddenly active.

2005	GAYO, Fuji TV on demand
2008	NHK on Demand
2009	dTV
2011	Hulu
2015	Netflix, Amazon prime Tver
2016	AbemaTV
2018	Paravi

TVs have been active to compete with ITs in the US

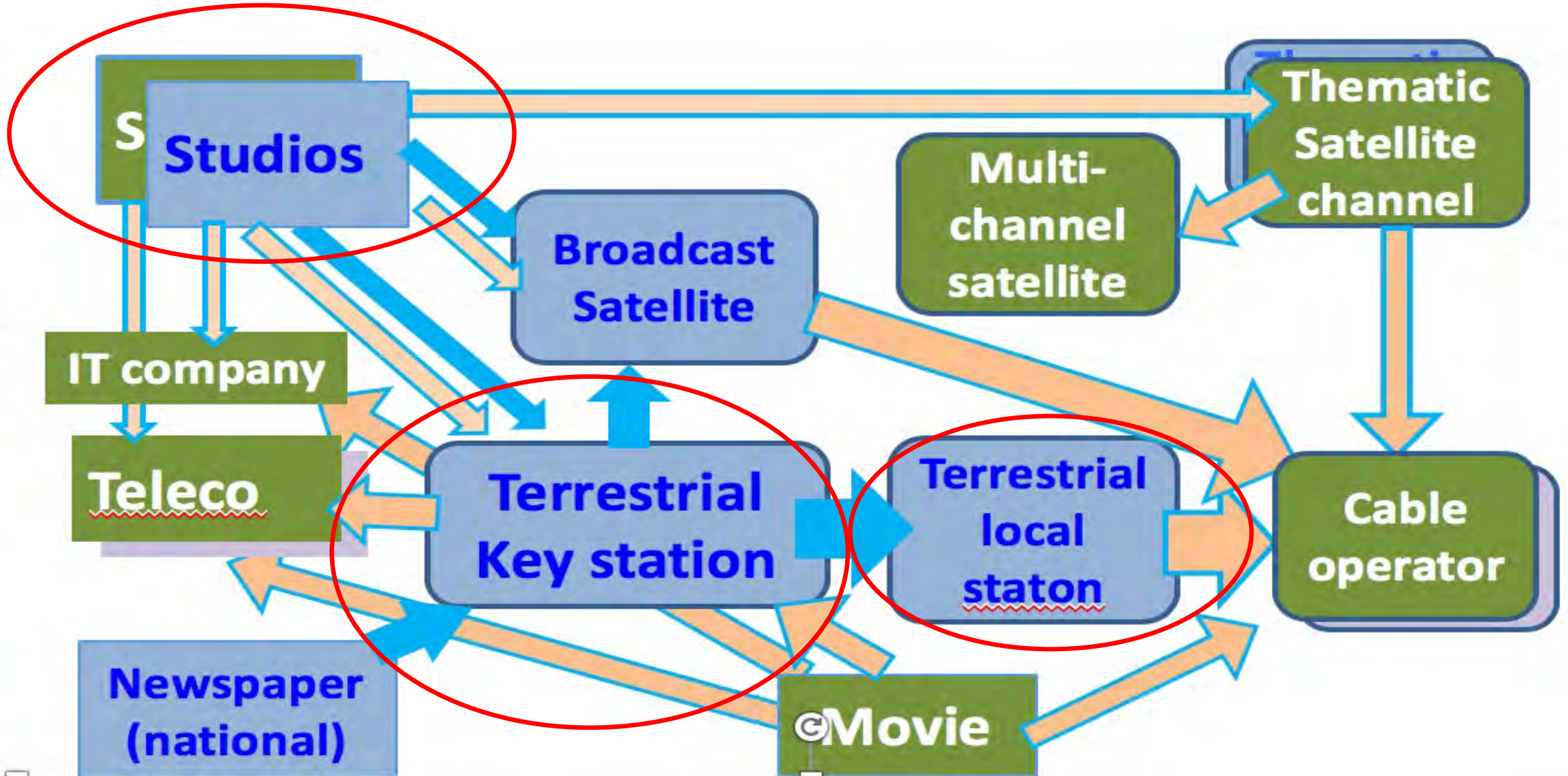
YouTube Started in 2005. Soon after IT ventures and TVs came into the market and began to compete.

2005	YouTube, ABC and CNN put programs on Yahoo!
2007	Netflix started streaming, BBC iPlayer
2008	Hulu by NBC, FOX, and ABC
2011	Amazon Prime Video
2013	Netflix released “House of Cards”
2014	CBS All Access
2016	CBS All Access delivered original series
2020	NBC plans add-supported streaming

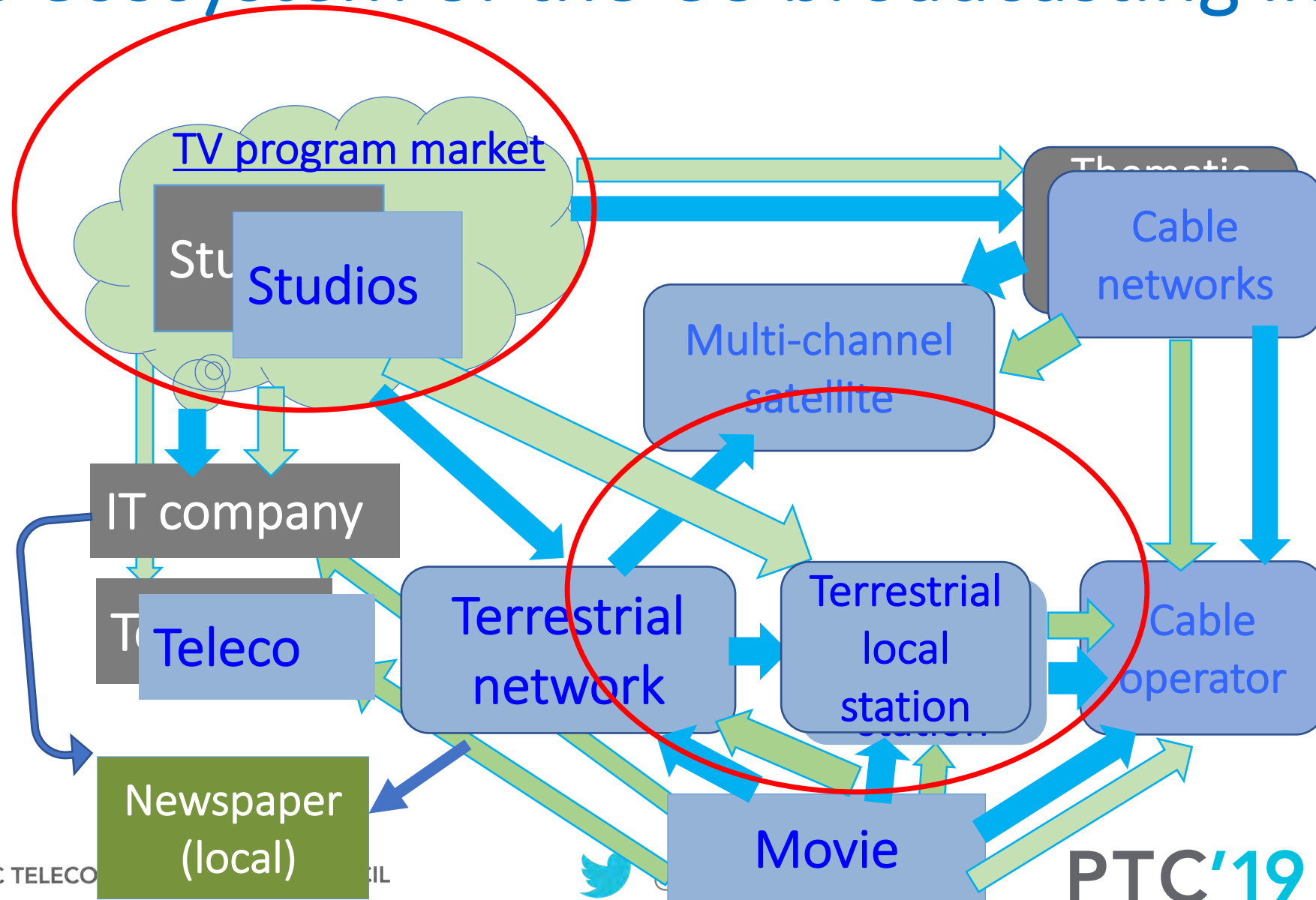


Ecosystem

The ecosystem of the Japanese broadcasting industry



The ecosystem of the US broadcasting industry



Very solid ecosystem developed around terrestrial networks

- made market entry difficult without TV or some content companies,
- made terrestrial TVs slow to OTT business
- allowed a mobile operator, and later foreign giants to grow.

Conclusion

- Terrestrial TV is the most popular content in Japan, and key stations control them
- The TV industry ecosystem has developed around key stations in Japan
- Hard to enter the major TV market without collaboration with terrestrial TV

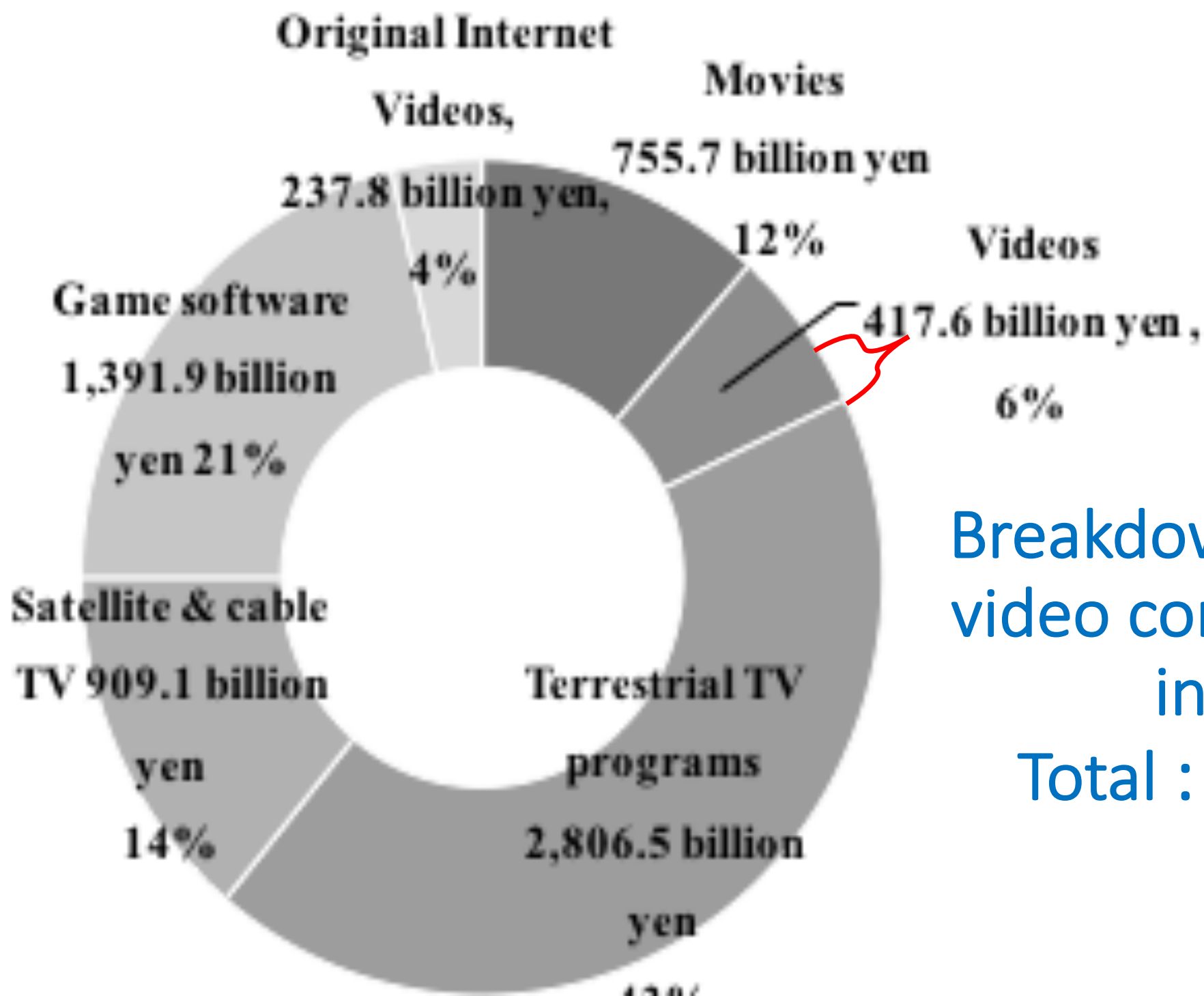
Conclusion

- While **terrestrial TVs** who want to **keep the existing ecosystem** are **slow in SVOD market**
 - Mobile telecom has promoted with their strong marketing power.
 - Foreign giants have taken the SVOD market quickly.
- SVOD has been regarded as **substitution of rental videos**, but terrestrial TVs have become keener considering the drastic shift of TV viewing expected soon

Mahalo

There is one concern...

- Will the market be taken by a foreign power like the mobile phone market?
 - Japanese mobile phone market had been very advanced and competitive. However, foreign smartphones have swept away domestic feature phones very quickly.



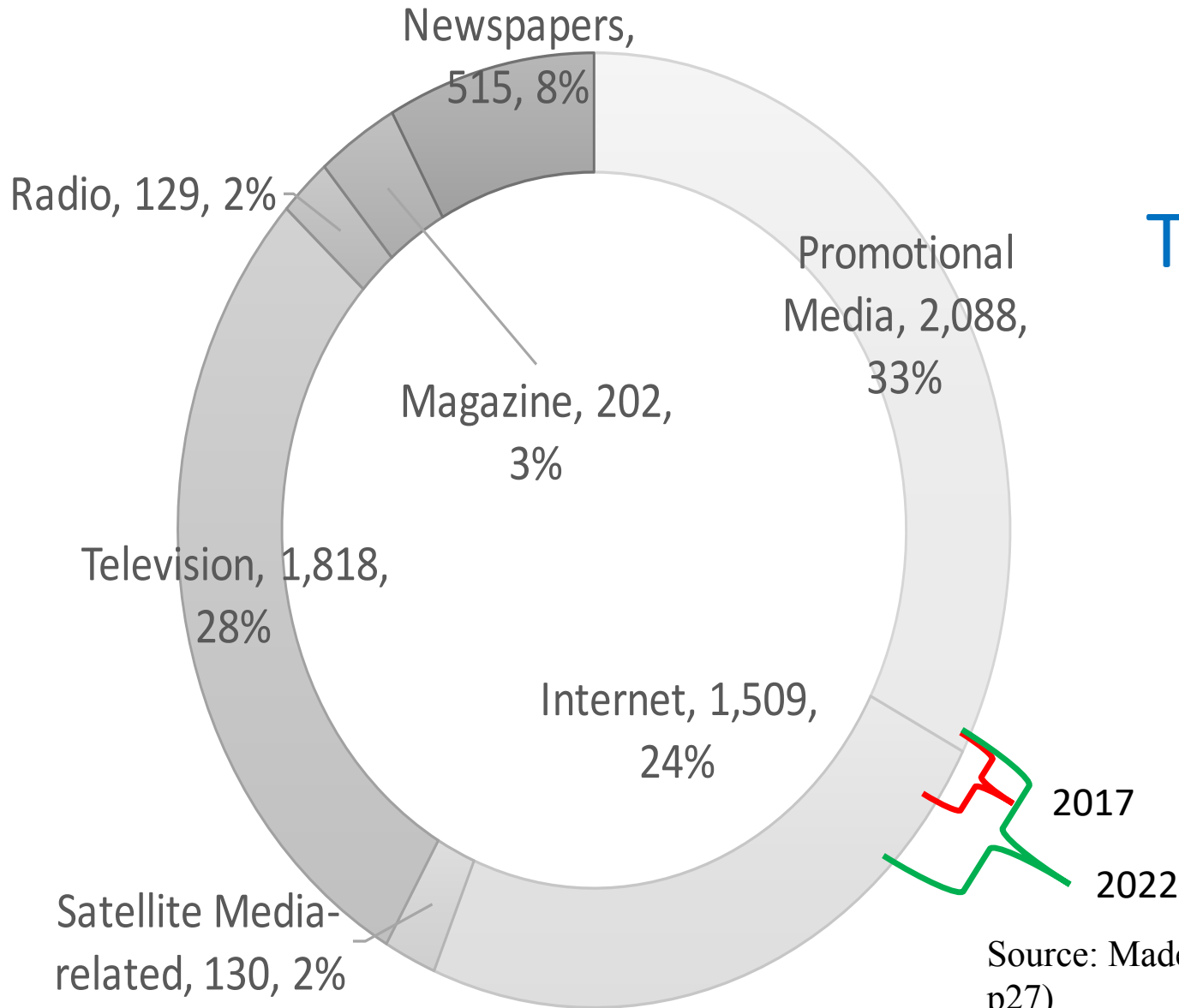
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The environment and ecosystem might change soon with drastic shift of viewing habits

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Video on demand market (=SVOD) forecast in Japan

