

Digital Video Consumption Is Spiking in Asia-Pacific

Netflix and YouTube are driving growth

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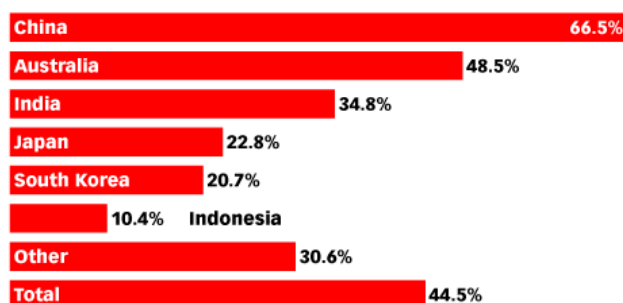
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With citywide lockdowns and social distancing measures in place, people throughout Asia-Pacific are spending more time at home consuming all forms of media—especially digital video. According to our latest estimates, all Asia-Pacific countries will see faster growth in digital video viewers this year, and that momentum will continue through the end of our forecast period in 2024.

China will remain the most penetrated country in the region, as 92.5% of its internet users will watch streaming or downloaded video content at least once per month in 2020. Several factors unique to China drive this robust digital video viewership: better content selection on OTT services than on cable TV, the population's mobile-first mindset, and high rates of smart TV adoption.

Digital Video Viewers in Asia-Pacific, by Country, 2020

% of internet users



Note: internet users of any age who watch streaming or downloaded video content via any device at least once per month
Source: eMarketer, Sep 2020

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www.eMarketer.com

Each Asia-Pacific country boasts a good mix of local and multinational players competing for eyeballs, with the exception of China, which is dominated by local services like Baidu's iQiyi, Alibaba's Youku, and Tencent Video. Netflix has been performing well in Asia-Pacific over the past few years, despite being unavailable in China as a result of state censorship. The company reported its Asia-Pacific user base grew by 63.2% in 2018 and by 53.0% in 2019. But our estimates are higher, at 77.2% in 2018 and 78.7% in 2019, because we assume multiple users share a single subscription account under different user profiles.

Netflix Users in Asia-Pacific, by Country, 2019-2023

millions and % change

	2019	2020	2021	2022	2023
Australia	7.1	7.7	8.0	8.2	8.3
—% change	12.6%	8.2%	4.2%	2.1%	1.5%
India	12.6	26.6	33.4	38.1	41.2
—% change	104.5%	111.7%	25.7%	13.9%	8.3%
Japan	4.6	6.1	7.4	8.4	9.2
—% change	44.2%	33.7%	20.8%	13.7%	9.3%
South Korea	2.5	3.2	3.7	4.0	4.3
—% change	57.4%	30.8%	13.5%	8.8%	7.2%
Other	39.3	54.2	62.1	68.9	74.6
—% change	99.1%	38.0%	14.6%	10.8%	8.3%
Total	66.0	97.8	114.6	127.5	137.6
—% change	78.7%	48.2%	17.2%	11.3%	7.9%

Note: individuals of any age who watch Netflix via the app or website at least once per month

Source: eMarketer, Aug 31, 2020

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Netflix's success across the region comes from a strategy it has consistently implemented in most Asia-Pacific markets: investing in more locally produced content, like big-budget Korean dramas "Mr. Sunshine," "Kingdom," and "Hotel Del Luna," while also offering popular international content.

In Indonesia, state-owned telecom giant Telkom Group recently **lifted** its ban on the service, which will likely see new subscribers as Netflix's investment in original content continues and its library grows. Also driving sign-ups are **mobile-only plans**, which the company launched in India in August 2019 and subsequently rolled out in Malaysia, Thailand, the Philippines, and Indonesia. Priced at below \$5 a month, these plans are a departure for Netflix, which has held firm on pricing in Western markets, and are likely an answer to the Disney+ Hotstar launch in Southeast Asia.

By and large, we expect there will be 97.8 million Netflix users in Asia-Pacific by the end of this year, making up 18.4% of worldwide Netflix users. Growth will continue through the end of our forecast period, reaching 145.3 million users by the end of 2024. That's a gain of 47.5 million users from 2020.

As for non-subscription digital video content, YouTube—another platform currently banned in China—remains the top free option in most countries within Asia-Pacific. In South Korea, for example, 91.5% of digital video viewers will watch YouTube at least once a month in 2020. As more people continue to shelter in place, the platform's penetration rate among digital video viewers in Asia-Pacific will increase in 2020 before declining in 2021 through the rest of our forecast period.