

# Tencent Video Leads OTT Market in China

**BAT-owned platforms invest in content as usage continues to surge**

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**eMarketer Editors**

Tencent Video is the leader in China's subscription over-the-top (OTT) video market, and eMarketer expects the company will maintain its edge over rivals iQiyi and Youku over the coming years.

We have amended our market share estimates for Tencent Video, iQiyi and Youku since our last forecast as these key players have responded to China's explosive growth in OTT usage. eMarketer expects 24.0% of digital video viewers in China will subscribe to Tencent Video in 2018, and that figure will surpass 29% by 2020.

Investing in content has been a key theme for all of the platforms owned by the so-called BAT companies (Baidu, Alibaba and Tencent). Alibaba-owned Youku is expected to post the highest increase in content spending in 2018 and has also secured rights to stream this year's FIFA World Cup. As a result, we expect Youku's subscriber base will grow by 55.0% this year and overtake iQiyi for second place in terms of digital viewer share by the end of 2019.

## Subscription Over-the-Top (OTT) Video Service User Penetration in China, by Provider, 2018

% of digital video viewers



*Note: individuals of any age who watch video via any app or website at least once per month that provides paid subscription access to streaming video content over the internet and bypasses traditional distribution; examples include iQiyi, Tencent Video, Youku Tudou, Sohu Video; OTT video services are not mutually exclusive; there is overlap between groups; excludes Hong Kong*

*Source: eMarketer, July 2018*

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“As the race to gain a larger slice of viewer screen time heats up, all three major streaming players in China have invested billions to develop their own original programs and secure rights to exclusive content,” eMarketer forecasting director Shelleen Shum said.

“Competition in China’s growing OTT market, fueled by growing internet connectivity and a broader shift toward internet entertainment, is cutthroat. As subscriber churn rates are high, content remains a critical part to improve user stickiness.”

In 2018, close to 229 million people in China will watch video via a subscription streaming service that bypasses traditional distribution. By 2022, more than a quarter of the population will use an OTT service.