

United States OTT - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts 2019 - 2029

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Report description:

The United States OTT Market size is estimated at USD 56.61 billion in 2024, and is expected to reach USD 102.28 billion by 2029, growing at a CAGR of 12.56% during the forecast period (2024-2029).

The United States is one of the largest OTT markets in the world. The high penetration of smart devices, like smart TV and smartphone, growing demand for VOD content, and a high rate of per-user payment are some of the major factors driving the country's OTT market. Also, most of the top global OTT vendors, like Netflix and Amazon, are US-based, providing an advantage to the regional market.

Key Highlights

- The increasing gravitation toward OTT content frees US citizens from cables, geographic restrictions, and broadcast schedules and fundamentally changes how video is sold, produced, and consumed. Thus, increasing adoption has been attributable to narrow genre choices, package flexibility, wider device availability, internet penetration, and lower costs. Netflix and Amazon are the most commonly subscribed OTT platforms in the country.
- With increasing revenue numbers, the surging percentage of viewing time going to OTT video content reflects the streaming growth and is changing the country's entertainment landscape. According to the Arizona-based Limelight Networks, viewers spend an average of 6.8 hours per week consuming OTT video globally, with the United States topping the national average at 8.55 hours.
- COVID-19 increased viewership numbers and streaming hours, and the lack of new movies in theatres also boosts OTT platforms. The rising use of virtual reality (VR) and augmented reality (AR) on smart devices for gaming apps to provide users with a real-time experience while playing a game is projected to increase demand for OTT services post-pandemic. Furthermore, fast expansion in the next generation of cellular network services, such as 5G technology, is expected to drive the country's

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over-the-top (OTT) industry. According to OpenSignal, In the United States, those with 5G-capable cellphones spent 25.2% connecting to a 5G network in the last year.

-However, some costs for OTT providers also rise along with increased consumption, with services impacted by varying degrees depending on the content delivery network model employed. As the OTT viewing amount increases, so does the OTT provider's delivery cost since CDN services are usually charged for the content delivered.

-Major market players are offering cheaper subscription plans to attract more customers. For instance, in July last year, Netflix partnered with Microsoft, a global technology corporation headquartered in Redmond, Washington. With this collaboration, the firms planned to develop a new ad-supported service with a lower-cost subscription plan to attract new users. Moreover, in May last year, Hulu and Xbox announced a collaboration to provide existing Hulu members in the United States with three free months of PC Game Pass.

US Over-the-Top (OTT) Market Trends

High Penetration of Smart TV Witnesses a Significant Growth

- Streaming content in the region has been intensifying as content owners like Disney go direct to consumers and Telcos (AT&T) and OTT-only operators like Amazon, to name a few. Simultaneously, the emergence of 4K for streaming has propelled OTT content growth to be made available across smart TV formats.

- Consistent growth in streaming device usage, increasing internet penetration, and demand for smart TVs have provided lucrative opportunities for media companies to enter the Over the Top (OTT) industry. Several TV makers are introducing low-cost smart TVs. For instance, in April last year, Samsung Electronics Co. Ltd introduced its Neo QLED 8K smart TV line. This introduction comprised televisions with 65-inch and 85-inch screens. Samsung Electronics Co. Ltd also makes special deals that allow consumers to buy TVs at lower prices, creating demand for its products.

- According to comScore, video consumption via connected TV among US customers grew by 26.5% in March last year compared to the previous year, exceeding 10.5 billion hours of watching each month. Online video consumption through mobile increased in March 2021, hitting 6.8 billion hours watched every month.

- According to Media Play News, in the United States, internet-connected TV adoption climbed from 82% in 2021 to 87% in the last year. The growth in internet-connect TV adoption in the country is expected to increase content consumption at home.

- With the COVID-19 outbreak and nationwide lockdowns, the hours spent on TV have been rising. This entails a positive growth outlook on a near-term basis. On the vendor front, Viacom is a significant vendor offering a direct-to-consumer (D2C) service on the back of Pluto TV, the US free streaming service the company bought recently.

SVOD Segment to Hold a Significant Market Share

- Subscription Video on Demand (SVOD) is similar to traditional TV packages, allowing users to consume as much content as they desire at a flat monthly rate. Major services include Sky (plus its subsidiary Now TV), Amazon Prime Video, Netflix, and Hulu.

- According to Digital Entertainment Group, in the United States, consumer expenditure on subscription video-on-demand (SVOD) climbed from USD 6.4 billion in the second quarter of 2021 to USD 7.7 billion in the third quarter of the last year. This is an increase of above one billion US dollars over the same time the previous year, demonstrating tremendous resilience in the face of the economic crisis.

- More than 90% of the SVOD subscribers come from the US market alone in the North American region. The emergence of SVoD platforms is also helping to drive consumers' cord-cutting trends. The number of SVOD subscriptions in the United States will grow by more than 50% in the next five years. But it might not seem quite significant when that aggregate number is broken down by

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household.

- The SVOD segment in the US OTT market is one of the significant segments; by 2025, the country is expected to witness a dozen platforms with more than 5 million paying subscribers-revealing just how ahead the US market is compared with the rest of the world. Growth for established players such as Amazon, Netflix, and Hulu will be affected due to intense competition from younger rivals such as Disney+, Peacock, and the augmented CBS All Access.

- In the previous year, 83% of US customers used a subscription video-on-demand service, a roughly 20% rise in five years. Netflix is among the most popular SVOC platform. In the third quarter of the last year, the number of Netflix streaming customers in the United States surpassed 73 million.

US Over-the-Top (OTT) Industry Overview

The US OTT market is witnessing increasing competitive rivalry as more companies enter, leading to the gradual consolidation of the market. The major market players are involved in various strategies to expand their market share, including mergers and acquisitions. Also, TV broadcasters are entering the market either by launching their app or investing in another OTT platform. Eventually, in the coming years, most TV cable operators are expected to invest in these business models to establish their presence in the industry.

In August 2022, Disney+ announced the launch of an ad-supported subscription service in the United States on December 2022, giving consumers more options. With the introduction, a comprehensive and integrated slate of subscription options will be made accessible across Hulu, Disney+, ESPN+, and the Disney Bundle, providing viewers with complete choice in selecting the option that best meets their requirements.

In July 2022, Netflix partnered with Microsoft to offer a low-cost subscription to attract new users.

In March 2022, Netflix acquired game developer Boss Fight Entertainment to expand its game development efforts for mobile and video games.

Additional Benefits:

- The market estimate (ME) sheet in Excel format
- 3 months of analyst support

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