20th July 2022

ShortForm Video Report H1’2022

redseer

Media Discussion

Bangalore. Delhi. Mumbai. Dubai. Singapore. New York

Summary

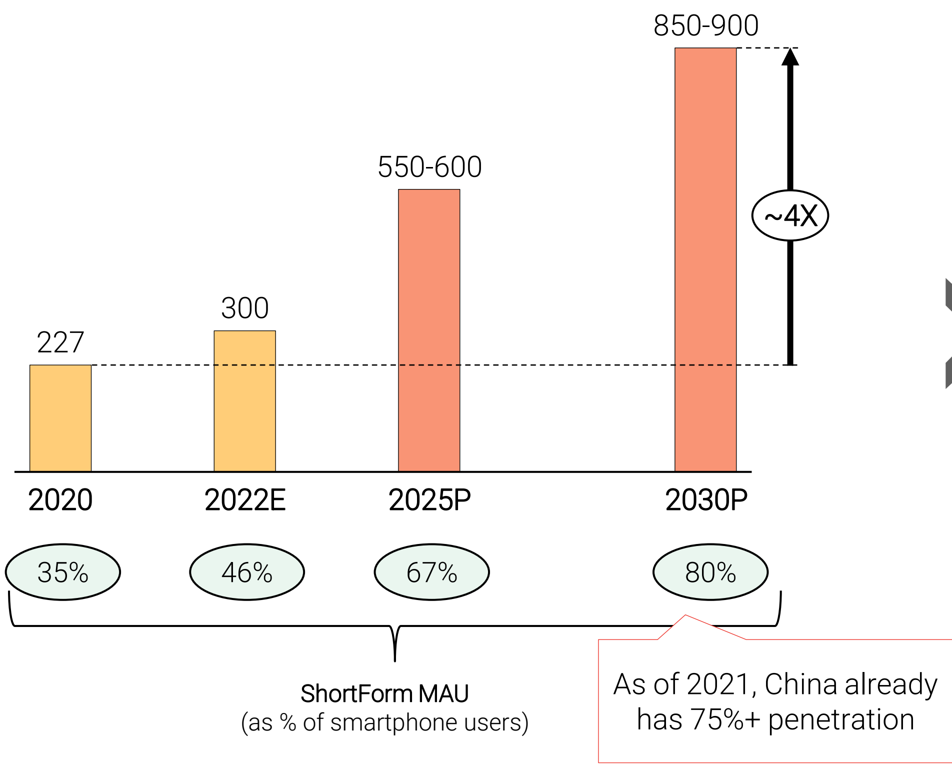
- ShortForm Video grown rapidly to a 300 mn monthly active user base
- By 2030, the penetration of ShortForm amongst total smartphone users will increase from current 46% to 80%
- Indian apps have matured significantly in just 2 years and are now poised to start monetizing their user base
- While currently only 1% of digital advertising is spent on ShortForm, it can become a $12-19 bn opportunity by 2030
- The three main monetization levers will be Advertising, Video-commerce and Gifting – all well proven in the Chinese market

Indian ShortForm sector to see continued growth

By 2025, it is expected to reach a MAU of 550-600 Mn; ~67% of all smartphone users

ShortForm MAU

Mn users, CY20 – CY30P



Key Drivers

With 700-750 million internet users India has world's 2nd largest & fastest growing internet user base

Next wave of **smartphone growth from Tier 2 and below – higher propensity for shortform**

Very **high consumption of entertainment content on smartphones in India – 156 min /day**

Rapidly improving quality of content and algorithms in Indian ShortForm apps

With increasing user base, ShortForm content viewership will cut across all segments of population

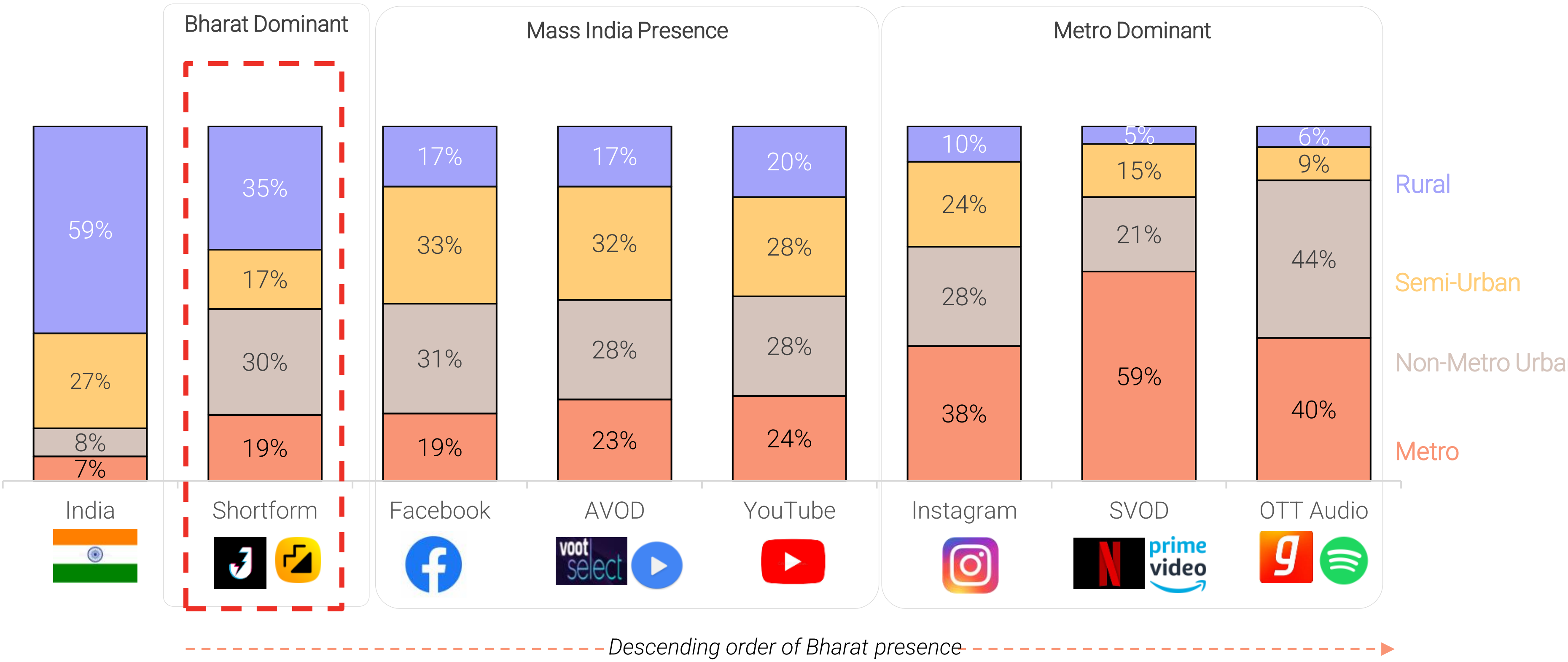
Source(s): RedSeer IP

Indian ShortForm base represents India's population mix much better than other platforms, that are more urban-centric

Internet sectors user wise splits in tiers

In %, millions (Mn), CY 2021

Indian ShortForm apps have witnessed phenomenal growth as compared to other established platforms, this can be attributed **to language localization**, recommendations, genre variety and **local creator influence**



Note(s): 1. SVOD stands for subscription based video on demand; 2. AVOD stands for advertisement based video on demand (free); 3. The logos are indicative and not exhaustive

Source(s): Census India, RedSeer Analysis

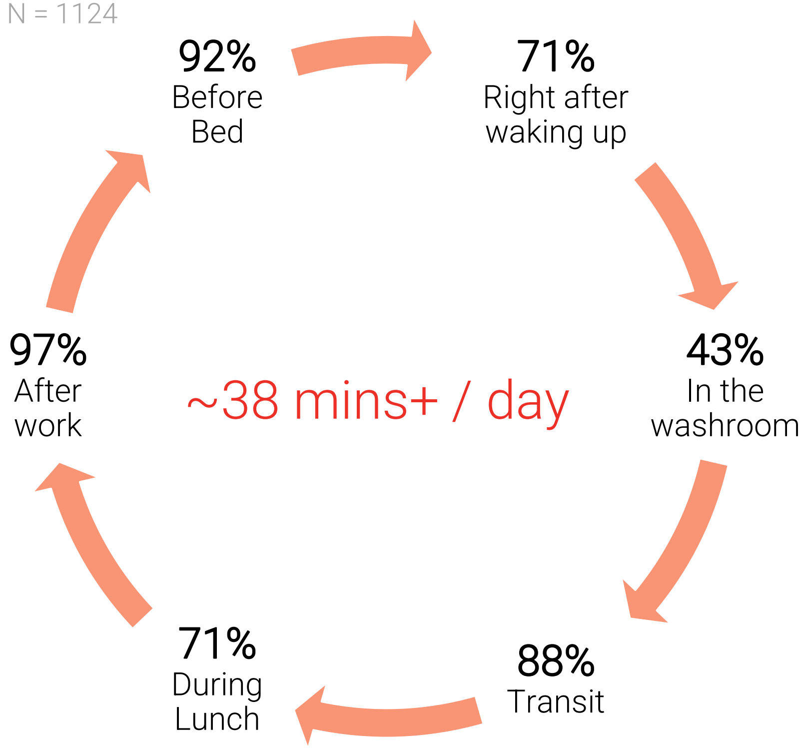
India loves ShortForm content & watches it ALL the time

On an average, Indian users spend ~38mins per day watching ShortForm content

Preferred time of the day to access ShortForm apps

Q. When do you typically browse your ShortForm apps and how much do you spend consuming it?

%, N = 1124

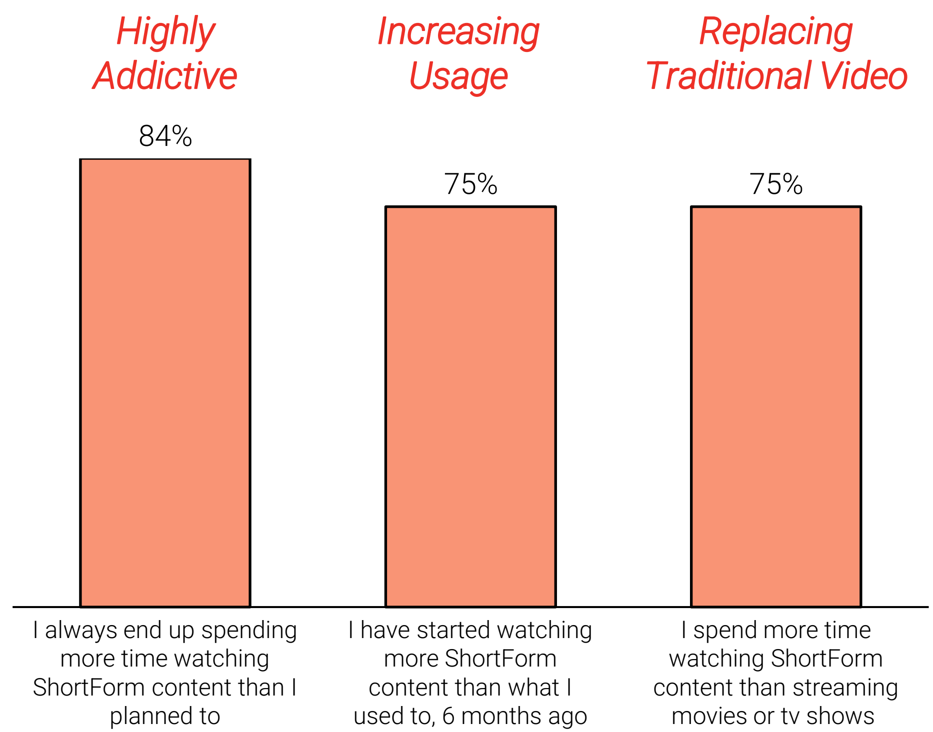


A total of ~3.9 Bn minutes / day[1] of ShortForm content viewing

ShortForm Consumption Trends

Q. Do you agree with the following?

N = 1124



Note(s): Calculated basis unique DAU for the Indian ShortForm apps

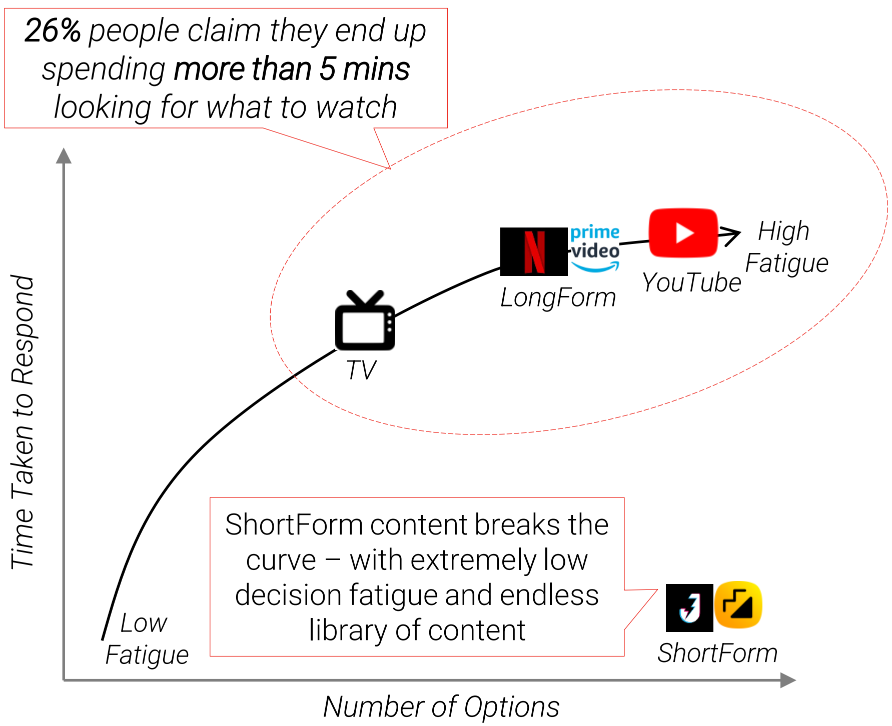
Source(s): Consumer Surveys, RedSeer Analysis

Frictionless nature of ShortForm content, relative to others, is driving eyeballs

Decision fatigue on LongForm video platforms is driving users to ShortForm	Net 62% users have increased their consumption of ShortForm, compared to only 10% for LongForm

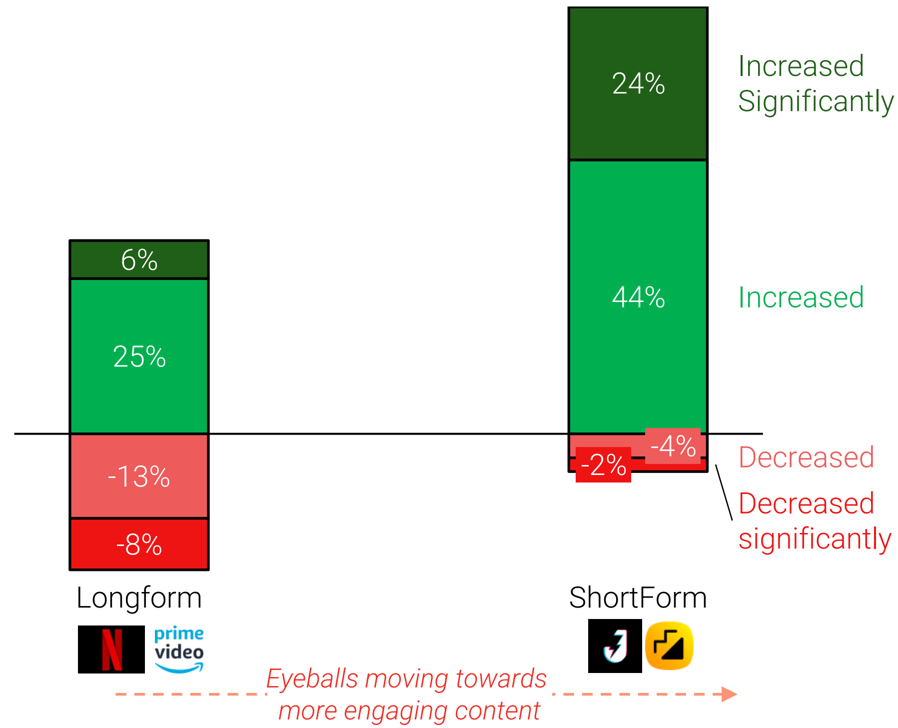
Decision Fatigue – Content Consumption

N = 1124



Time Spent Trend - LongForm Vs ShortForm Content[1], India

Q. How has the time spent on the following platforms changed in the past 6 months? | N = 1124, %



Note(s): 1. Totals may not add upto 100% as the difference can be attributed to % of respondents who didn't have any change in time spent

Source(s): Consumer Surveys, RedSeer Analysis

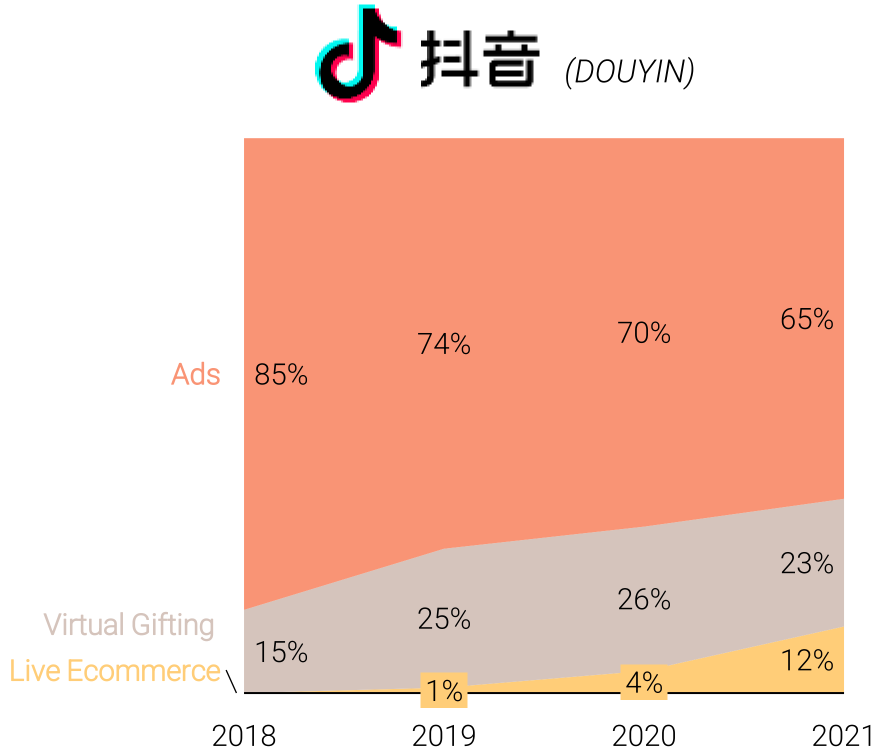
Globally, we have seen ShortForm apps unlock massive value

ShortForm monetization is most mature in China through 3 major revenue streams

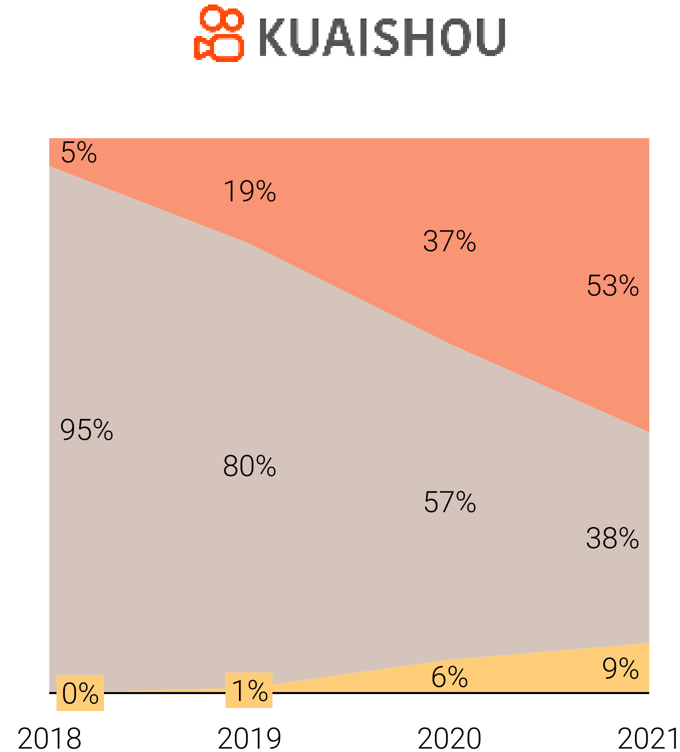
Global

Revenue Mix over time – Douyin vs Kuaishou

%, CY18-21, RMB Bn



Advertisement has been the primary monetization approach with increasing focus on livestream ecommerce



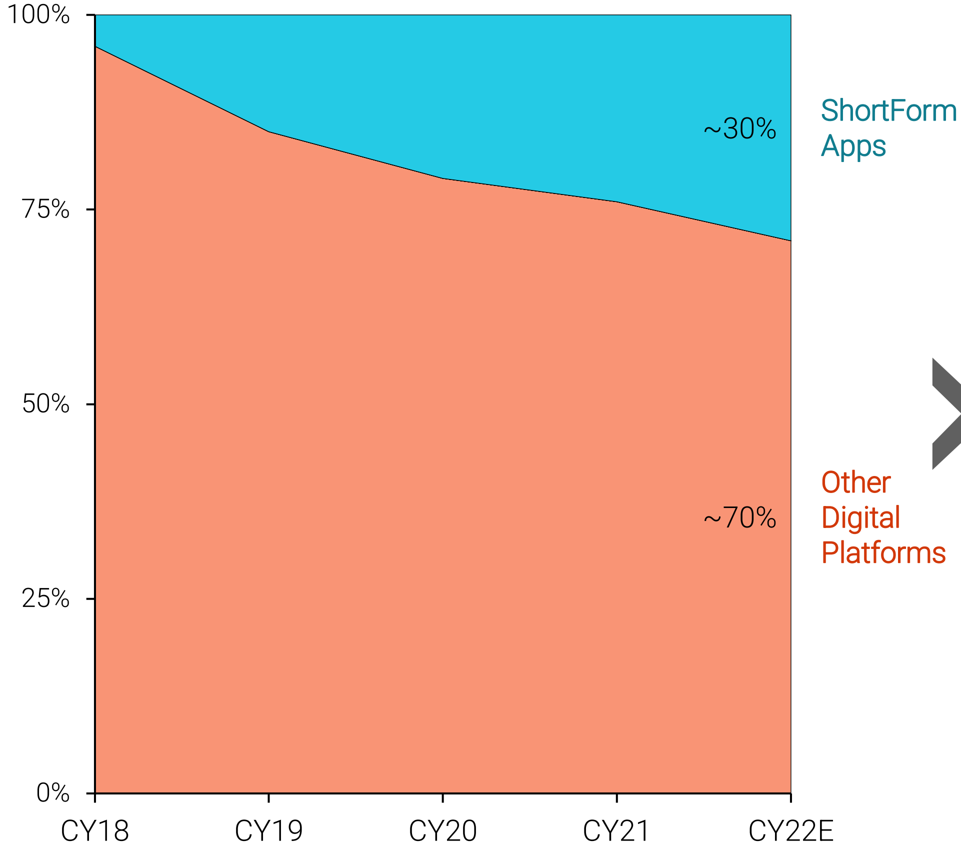
Livestreaming used to be the largest historical revenue source but has shifted to advertisements with increasing focus on video led commerce

Source(s): Secondary Research, Redseer Analysis

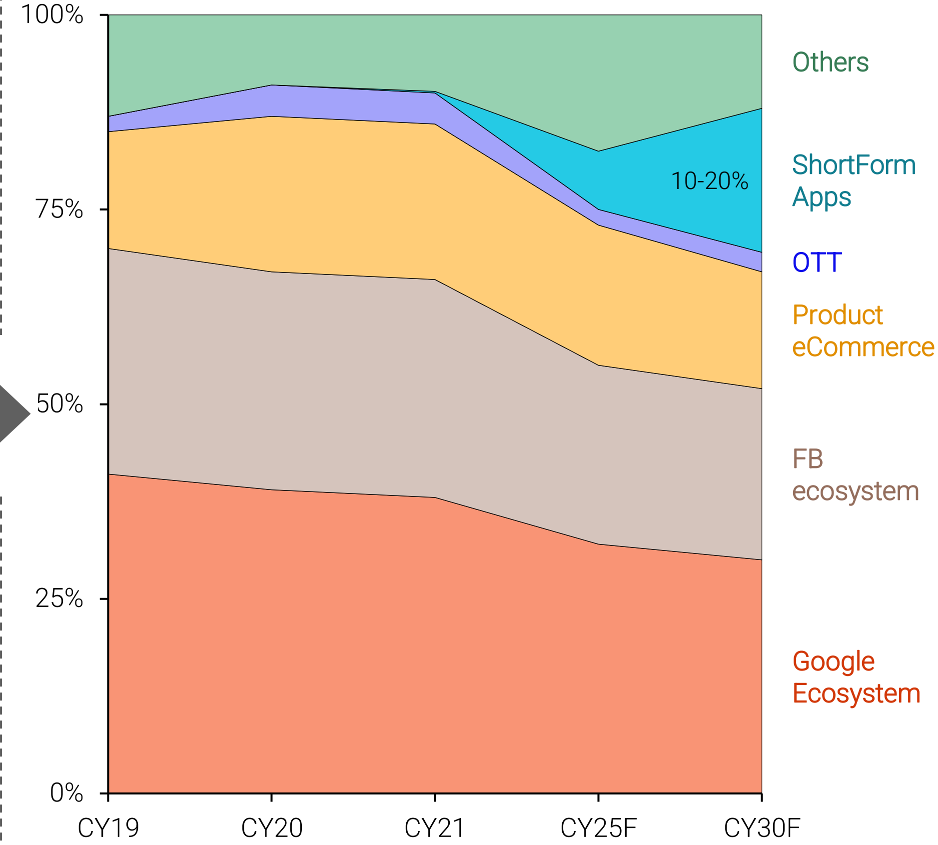
A In India, ShortForm can take 10-20% of the Digital Ad Pie…

Indicative data

China Digital Ad Revenues
CY18-CY22E



India Digital Ad Revenues Forecasts
CY19 – CY30F



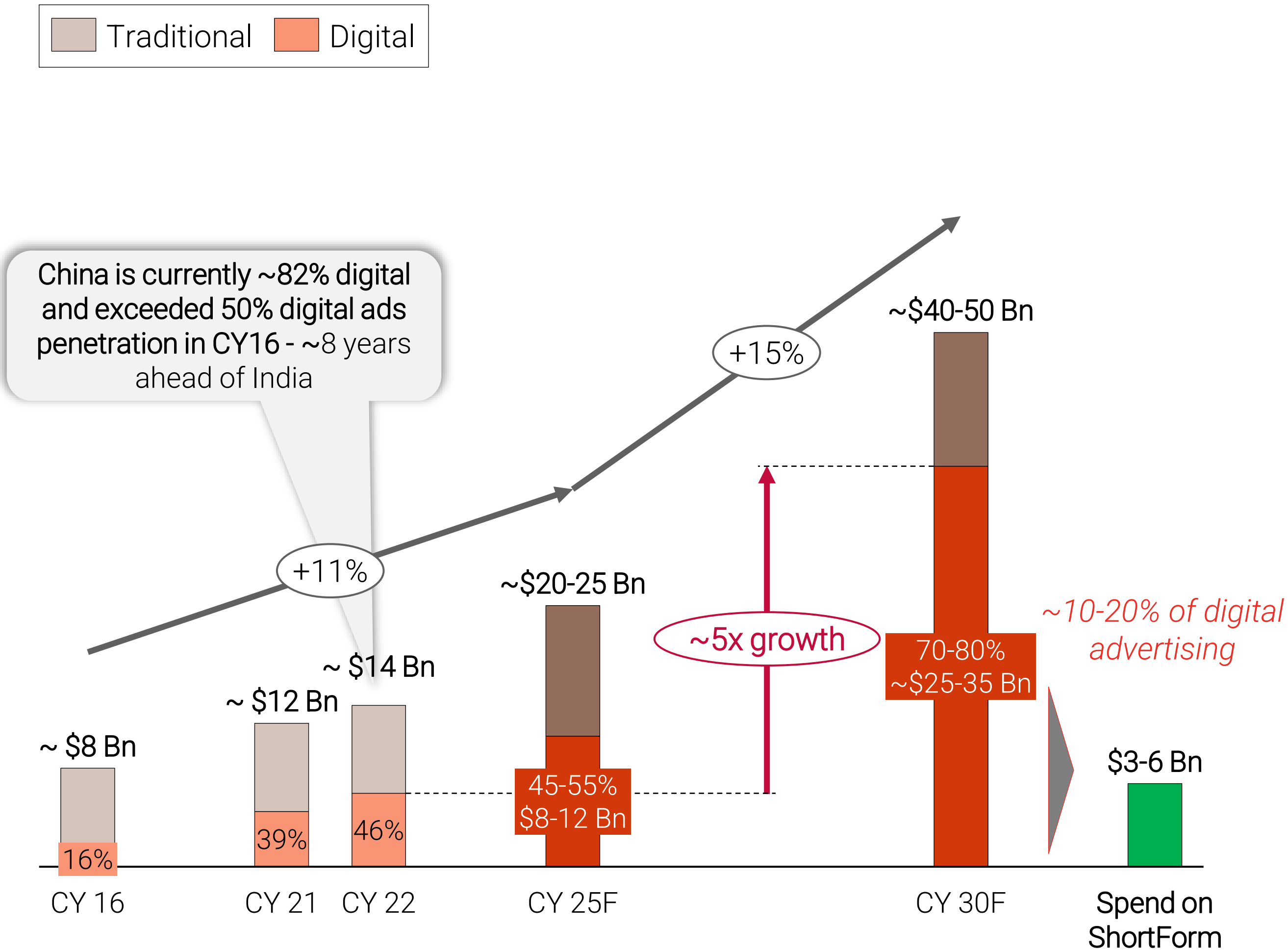
Note(s) - Others includes gaming, other search medium, classifieds, and other smaller online ad channels

Source(s): RedSeer Analysis

A .... amounting to $ 3-6 Bn opportunity by 2030

India Ads Market

$ Bn, CY 16 – CY 30F



Global Benchmarks

	Total Ad Market (CY21, USD Bn)	Digital Ads %
🇺🇸	$ 250	61%
🇨🇳	$ 166	82%
🇬🇧	$ 31	77%

Source(s): GroupM Data; RedSeer Estimates

B

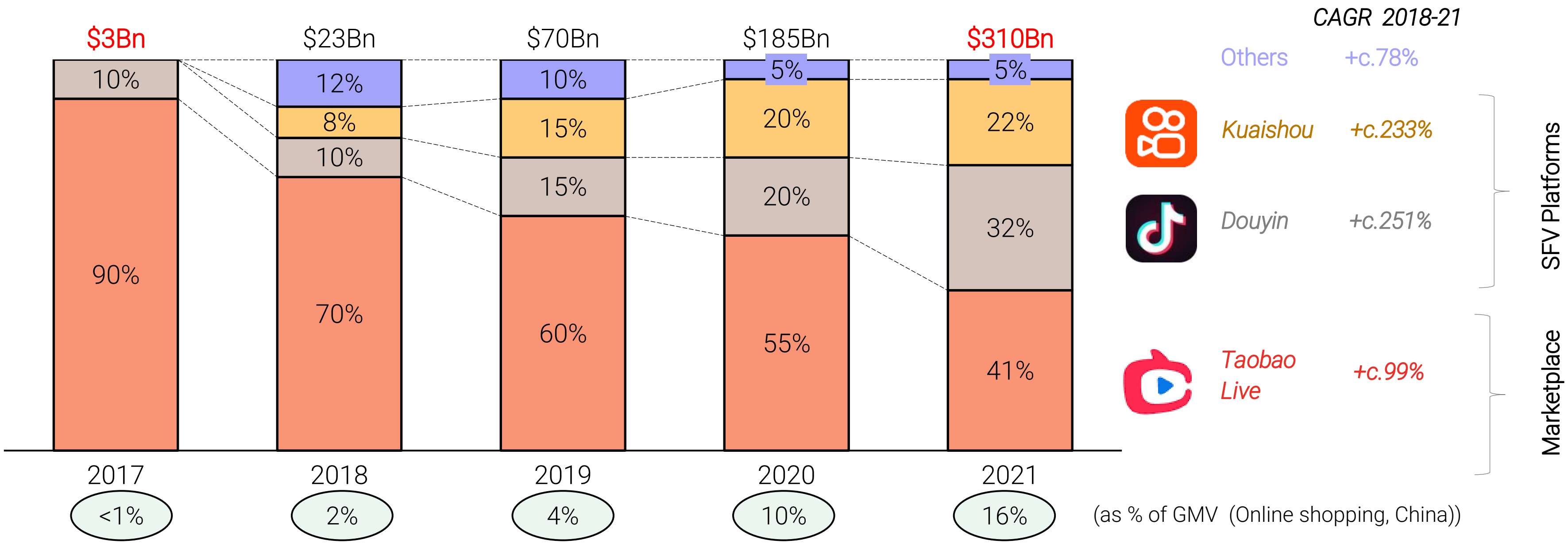
Video led commerce on ShortForm apps is a sizeable opportunity

In China, video content led commerce has grown 100X in 4 years; drives ~16% of all eCommerce transactions and a GMV of $310 Bn

Global

GMV of commerce on ShortForm video/ live stream apps in China

%, Bn USD, 2017-21



Horizontals & Others (e.g. Taobao Live Streaming)

- Uses **network of influencers for live streaming**
- Key categories sold are – **Fashion, Jewellery accessories,** Foods **and BPC**
- Top 3 eCommerce players offer video led commerce

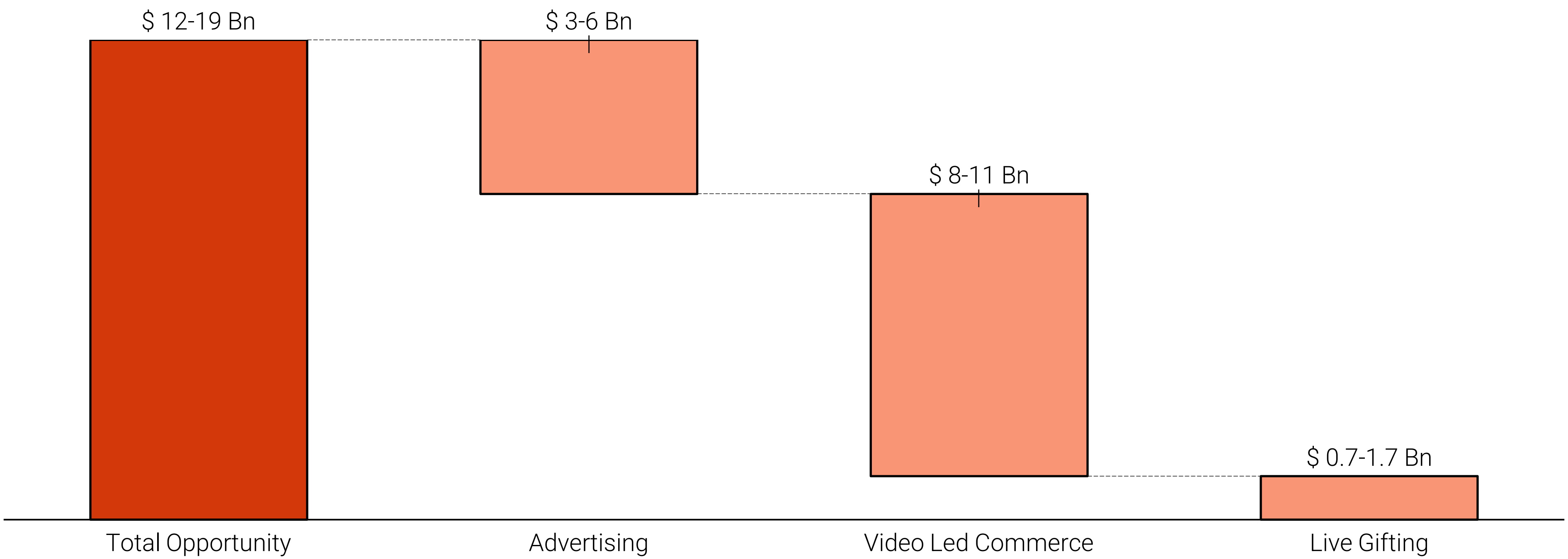
ShortForm Platform (e.g. DOUYIN)

- **Provide traffic to eCommerce** companies
- **Closed-loop ecommerce** - sell directly from the platforms
- Influencers and merchants directly sell on the platform
- **Fashion and Beauty are the top category (~65% GMV)**

Source(s): Secondary Research, Redseer IP, Redseer Analysis

Cumulatively, Indian ShortForm apps are looking at a $ 12-19 Bn monetisation opportunity by 2030

India, ShortForm Monetisation Potential
2030, USD Bn



Note(s): Advertising revenue is pure revenue while Video Led Commerce & Gifting is GMV

Source(s): Secondary Research, Redseer IP, Redseer Analysis redseer

Thank You

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