

Squid Game is making waves in the Pacific Asian streaming landscape

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Results are in: Squid Game, Netflix's latest Korean hit drama, became the platform's most successful TV show in history, with over 140 million viewings in less than 4 weeks. The US firm overachieved its expectations with an addition of 4.4 million users for Q3 2021, more than double the previous quarter.

The success was so that Korean telecommunication operator SK Broadband sued Netflix after a massive traffic surge from this unanticipated success and both parties are still currently negotiating an arrangement.

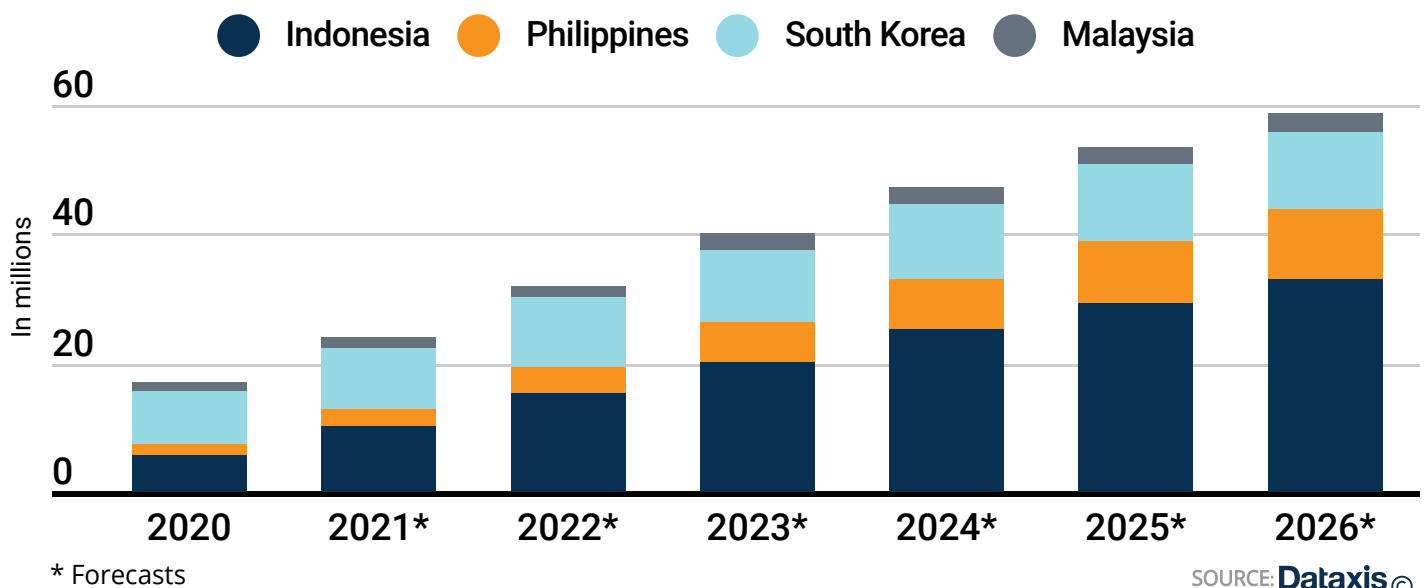
Nevertheless, this achievement deeply reflects the strategic stake that is the APAC (Asia-Pacific) region while for many weeks, announcements from major SVOD players have been blooming: on October 22nd, during an online showcase event, Disney announced that 18 local-language Originals are to be produced. The company's goal is to greenlight over 50 APAC originals by 2023. On October 26th, Netflix unveiled its 'Future Gold Film Fellowship program' that will help and promote talents from the Asian and Pacific Islander communities.

The intent is sensible, but also strategic for two main reasons.

First of all, South Asian content is seducing audiences from all over the world. No one forgot Bong Joon-ho's 2020 Parasite and its excellent critical reception, which was later confirmed by outstanding world box office performances. Viki, Rakuten TV's AVOD service specialized in K-Dramas, is also becoming very successful overseas with over 15 million users. Africa as well has been wiped out by the Hallyu, or Korean wave, especially in Nigeria where audiences have been highly receptive to K-Dramas.

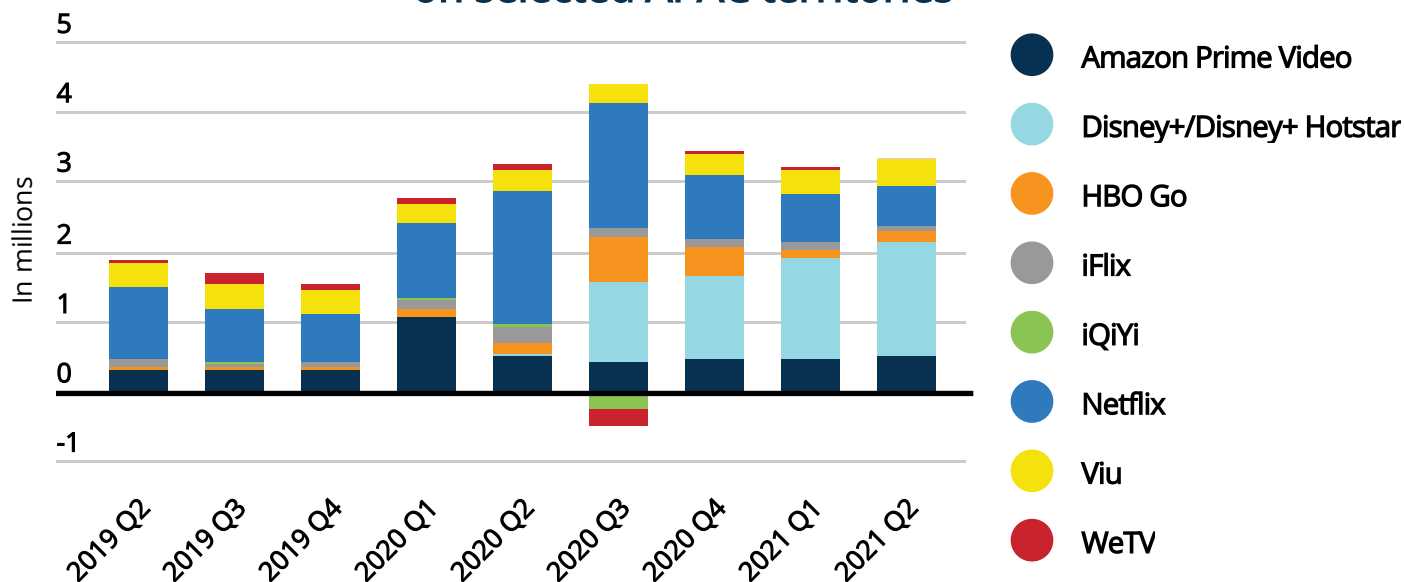
Asian productions are much cheaper to produce than American or European ones, which allows studios to greenlight dozens of projects, thus making a move in the original content war that currently reigns on all streamers.

SVOD subscribers 2020-26, forecasts



Second of all, the APAC region remains one of the most dynamic and growing markets worldwide, with fierce competition coming from strong local players such as Viu and iQiyi. Disney+ quickly became an essential service in the region while it hasn't even rolled out in all countries yet.

Streaming services subscribers net addition per quarter on selected APAC territories*



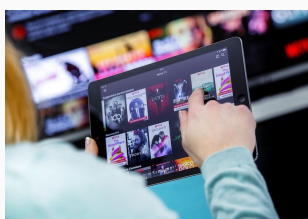
* Brunei, Cambodia, Hong-Kong, Indonesia, Japan, Laos, Malaysia, Philippines, Singapore, South Korea, Taiwan, Thailand, Vietnam

SOURCE: **Dataxis** ©

This new production effort is great news for the diversity of content presented to users: studios are more and more willing to take creative and financial risks, as niche content's potential audience is no longer limited to a country's borders. This enables unplanned successes like Squid Game to happen, and with production budgets continuing to rise in emerging countries, the future SVOD hits should become even less predictable on the global level, an uncertainty that could leave room for new actors to find their place in these bursting markets.

By: Raphaëlle **Delbèque** | Analyst

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