RESEARCH ARTICLE

FINANCIAL IMPLICATIONS AND PROFITABILITY OF HYBRID REVENUE MODELS: A STUDY OF SELECTED OTT PLATFORMS IN INDIA

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Manuscript Info

Abstract

India's Over The Top (OTT) platforms are growing at an exponential rate, from USD 1.3 billion in 2016 to USD 10 billion by 2026, primarily due to the growing penetration of the Internet and consumer preference for on-demand content. However, strategies such as hybrid revenue models that combine subscriber fees, advertising and transactional revenues contribute to their financial sustainability. In this light, this study critically analyses the financial implications and profitability of the hybrid revenue model in India's OTT Market that fills the gap in empirical evidence. Strategic benefits and challenges in terms of revenue diversification are found through 57.9% of platforms adopting subscription+advertising models, yet challenges with subscription pricing (52.9%) and balancing costs persist. These insights also present actionable strategies for stakeholders and guide sustainable growth applications in emerging markets.

Introduction:-

Despite the fact that India's Over-The-Top (OTT) platforms have proliferated rapidly over the last few years, consumers have witnessed a whole new dimension of choice as far as media consumption is concerned: The power to consume a diverse range of content across internet-enabled devices and at times and places of their own choosing. The Indian OTT market was pegged at about USD 4.8 billion as of 2024 and is expected to rise to about USD 10 billion by 2026, with a compound annual growth rate (CAGR) expected to exceed 20% (Khanna et al., 2024). The increase in internet penetration, a rising middle class, and the growing preference of the consumer towards on-demand have only fueled this explosive growth. The competitive environment, however calls for innovative revenue strategies for sustaining profitability. As a strategy engine for financial sustainability and increased profitability, hybrid revenue models that combine subscription fees, advertising, and transactional revenues are the latest to sweep the OTT platforms (Patnaik et al., 2024). Despite the burgeoning adoption of hybrid revenue models, this focus remains within single-stream revenue strategies, with little examination of the financial implications and profitability dynamics of hybrid approaches in the OTT sector.

While seen independently perform a thorough analysis of models which are subscription-based and ad-supported, respectively, they do not probe into the effects and conflicts that exist when we combine these two models into a hybrid one. Furthermore, the operations in the Indian market are constrained within a unique socio-economic and regulatory context that renders global insights elementary to a context-specific investigation (Kumar & Meena,

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2023). However, lacking rich empirical evidence on these facets highlights a major research gap that impedes a nuanced analysis of how hybrid revenue models impact financial performance and profitability in the Indian OTT context. To bridge this research gap, this study undertakes a critical analysis of the financial implications and profitability of hybrid revenue models used by selected OTT platforms in India (Patnaik et al., 2024).

The objectives are
(1) Delineates the different components of hybrid revenue models used by the leading Indian OTT platforms.
(2) To assess the financial performance and profitability metrics of these models.
(3) To analyse methods that would be used to determine what strategic benefits and challenges accompany hybrid revenue strategies.

For this research there are various reasons for its justification. The first understanding is that in order for OTT platforms to find sustainable growth and competitive advantage in a market that has become saturated, they need to have an understanding of the financial dynamics of their hybrid revenue models. For example, the merger between subscription and ad-supported tiers in Netflix India has reportedly grown its subscriber base by 15% in a year (Yellow, Saha and Bhaisare, 2022). Second, the stakeholders, such as the investors, content creators, and advertisers, need empirical insights into the hybrid model value to enable strategic decision-making. Second, this study can be useful for policymakers as it can provide a more meaningful understanding of the economic impact of adopting different revenue strategies in a digital media ecosystem. Finally, this research offers a context-specific analysis that adds to academic discourse by explaining hybrid revenue models in emerging markets (Khanna, 2024).

Literature Review:-
Where the examination of hybrid revenue models in the OTT landscape has tended to gather additional scholarly attention with the platforms that search for alternative income streams to fortify their financial base, much of the existing research is on individual revenue streams such as subscriptions or advertising. As an example, it is seen in the studies of Yellow Saha and Bhaisare (2022), who performed a thorough investigation of subscription-based models, which allow for predictable revenue. Patnaik et al. (2024) also delve into ad-supported frameworks, noting their ability to engage cost-sensitive consumers and contribute revenue streams at the same time. However, such models have not yet been integrated into a comprehensive hybrid strategy, particularly in the Indian market. Nevertheless, critical analyses show that, in theory, hybrid models can mitigate risk by offering revenue diversification, but empirical studies about the latter's financial performance are scarce. According to Khanna et al. (2024) the overall revenue of Indian OTT platforms-employing hybrid model- is up by 25% as compared to those who employ a single-stream strategy. However, there is a lack of broader profit metrics as applicable to hybrid implementations. Besides, these strategic welfares, including better user appointment and market infiltration, are commonly drawn out of context with financial results.

Additionally, answers from preceding studies like Fitzgerald (2019) are chiefly suitable to the Western markets, restricting the application of such findings to India's distinct socioeconomic and regulatory conditions. The controlling dynamic and diverse consumer preferences of India pose distinct challenges and opportunities that current literature fails to capture. This gap climaxes the need for context-specific investigation into the nuanced financial insinuations of hybrid revenue strategies. In response to these limitations, this reading uses the Revenue Diversification Theory, which proposes that several revenue streams can recover fiscal presentation by stabilising it and swelling success. Applying this theoretical framework, the research will make an effort to systemically measure the mechanisms, financial metrics and strategic dimensions of hybrid revenue replicas in Indian OTT platforms. In filling out the current research gaps, this method also produces a strong basis for analysing the complicated teamwork between numerous revenue streams and financial sustainability in developing markets.

Research Methodology:-
This study uses a quantitative research design to methodically examine the financial insinuations and success of such hybrid income models for Indian-selected OTT platforms. An organised survey is managed to collect numerical data required to accomplish research objectives. The survey is battered at 120-150 accounting professionals working in 5 leading Indian OTT platforms, ensuring spread to the economics viewpoint of the whole industry. For the memberships with the necessary knowledge and vision into the monetary workings of their individual organisations, purposive sampling is used. The survey instrument is ten close-ended questions that attempt to collect key variables that include revenue stream diversification, profitability metrics and financial

performance indicators. This method allows for gathering comparable and similar information from all respondents (Snyder, 2019).
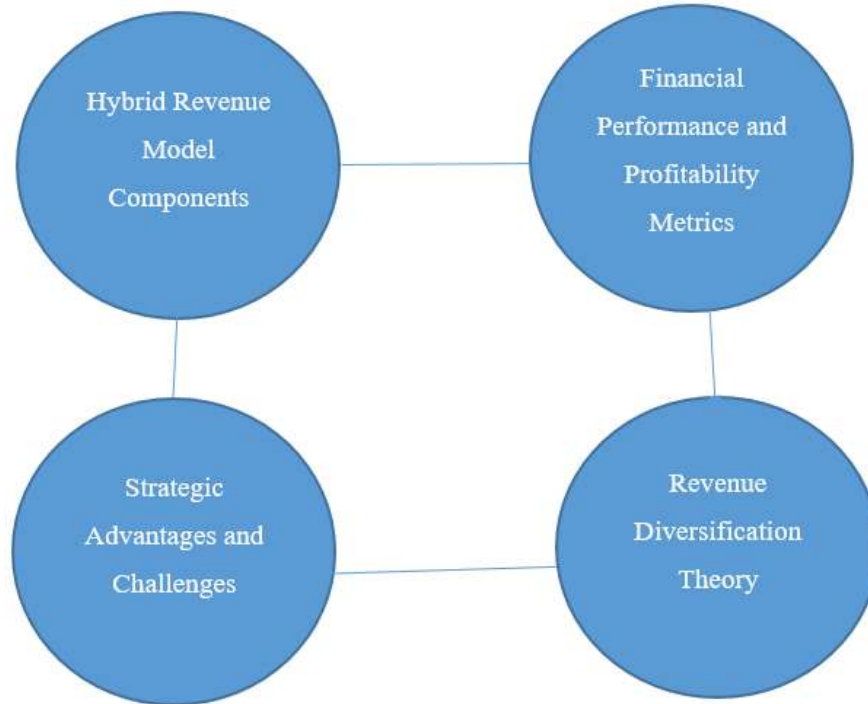

Figure 1.1:- Conceptual Framework.
(Source: Self)

Electronic data collection is employed to improve accessibility and response rates, yet maintains uniformity of responses received. Microsoft Excel is used for data analysis because of its powerful ability to analyse large data and conduct complex tasks of calculations. Summary of data and prevalent trends are done by using descriptive statistical methods such as mean, median and standard deviation. In addition, inferential techniques are employed to investigate the linkage between several financial variables. Through this methodological framework, rigorous and unbiased examination is ensured of the hybrid revenue models which adds important insights regarding their financial efficacy and profitability in the Indian OTT market.

Result and Discussion:-
The gender distribution revealed from the Demographic Information table is in line with gender parity, with both males and females being nearly balanced, with males comprising 50.4% and females being 49.6%. A 50.4% majority of the workforce have 1-3 years of experience, implying an early career workforce. However, 9.9% have more than a decade in the business, which can affect deep expertise and long-term strategic planning. The 14.9% with under 1 year indicates high entry rates, or turnover, perhaps. Furthermore, a modest 19 percent of those with 4-6 years of experience and 5.8 percent with 7-10 years of experience could impact the continuation of knowledge and stability of the industry, calls for consideration of retention strategies.

Category	Subcategory	Percentage
Gender	Male	50.40%
	Female	49.60%
Years of Experience i	Less than 1 year	14.90%
	1-3 years	50.40%
	4-6 years	19%
	7-10 years	5.80%
	More than 10 years	9.90%

Table 1:- Demographic Information.
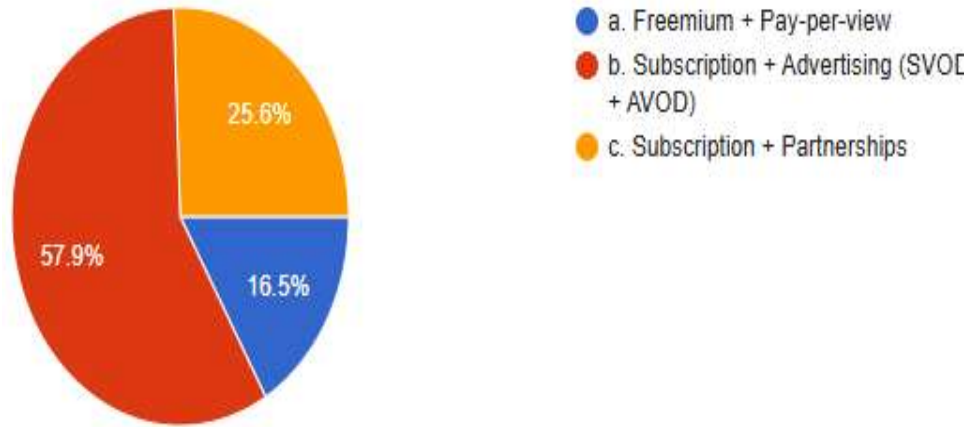
Figure 1:- Hybrid revenue model.

Revenue Model	Percentage
Subscription + Advertising (SVOD + AVOD)	57.90%
Subscription + Partnership	25.60%
Freemium + Pay Per View	16.50%

Table 2:- Hybrid Revenue Model.

From the Hybrid Revenue Models table, it can be clearly seen that 57.9% of Indian OTT platforms are following the Subscription + Advertising (SVOD + AVOD) model, which conforms to the Revenue Diversification Theory as other streams of revenue reduce financial risk. Further, 25.6 percent are utilising Subscription + Partnership, and 16.5 percent have Freemium + Pay Per View, showcasing strategic diversity. The predominance of the item corroborates the previous literature that reported a 25% increase in revenue when utilising hybrid approaches for a single-stream model (Khanna et al., 2024). However, few empirical studies on profitability and strategic challenges in India exist, calling for more context-specific work (Fitzgerald, 2019).
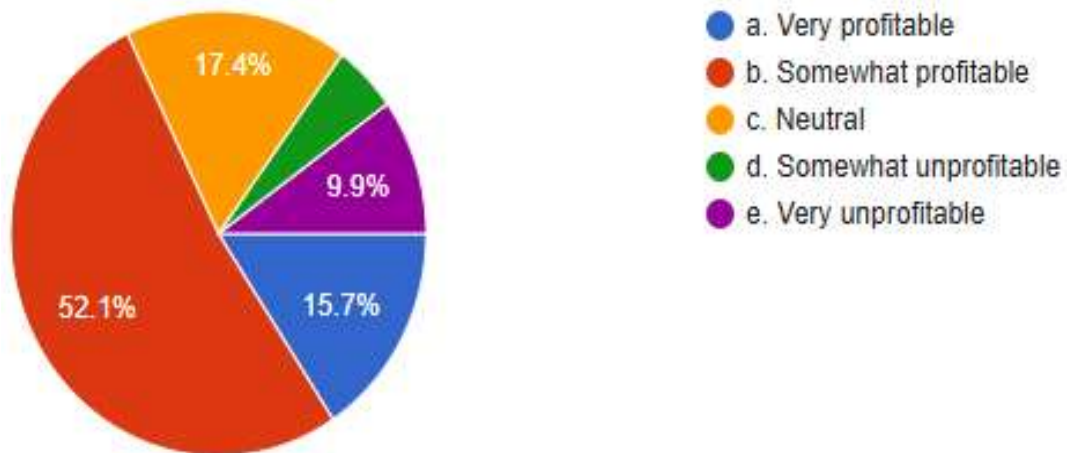'

Figure 2:- Hybrid revenue model.

Profitability Assessment	Percentage
Very Profitable	15.70%
Somewhat Profitable	52.10%
Neutral	17.40%
Very Unprofitable	9.90%
Somewhat Unprofitable	5.00%

Table 3:- Hybrid revenue model.

Profit data shows that 52.1 percent of respondents perceive the hybrid revenue model as somewhat profitable while 15.7 percent perceive it as very profitable, backing up the theory that revenue diversification is stable financially. On the other hand, 14.9 per cent of the respondents find these models unprofitable, which represents serious strategic difficulties. This mixed perception is supported by the literature aspect as literature also extends revenue growth through hybrid approaches, but it highlights under development of profitability metrics in the Indian context (Khanna et. al 2024). Unlike single-stream studies, these findings demonstrate that solutions to address India's market and regulatory conditions will need to draw on nuanced, context-specific analysis (Fitzgerald, 2019).
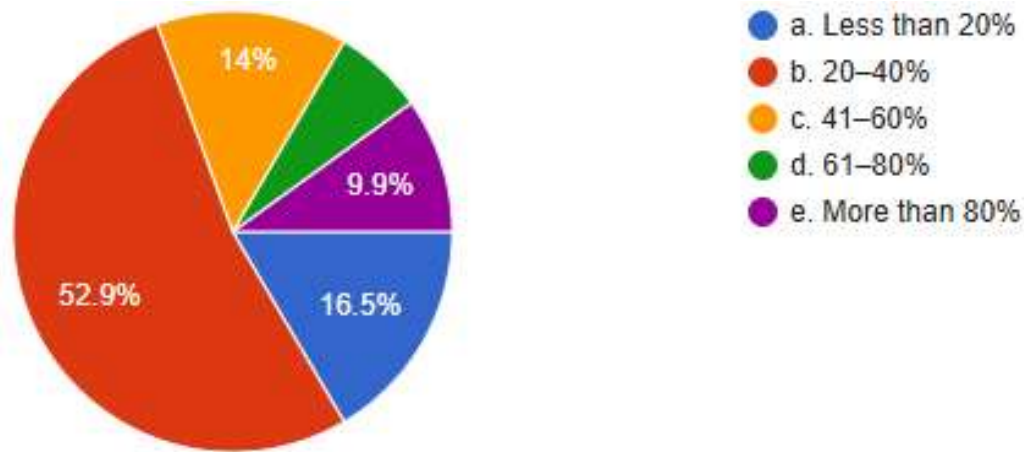

Figure 3:- Revenue generated through advertisement.

Percentage of Revenue from Advertisements	Percentage of Platforms
Less than 20%	16.50%
20-40%	52.90%
41-60%	14%
61-80%	6.60%
More than 80%	9.90%

Table 4:- Revenue generated through advertisement.

The Advertisement Revenue Distribution table shows that 20–40% of advertisements revenue constitutes the highest (52.9%) segment in Indian OTT platforms, and minimum (16.5%) revenue (less than 20%) comes from advertisements. On top of that, 41-60 % of ad revenue is produced by 14%, 61-80 % is made by 6.6 %, and 9.9 % earns over 80 %. Hybrid models' objective of delineating hybrid components is corroborated by this distribution, representing that advertising is important in hybrid revenue models. Revenue Diversification Theory suggests that reliance on diversified ad revenue has the support for financial performance assessment using multiple income streams. Based on findings which compare against prior studies on single streams, these results demonstrate a strategic pivot toward more balance revenue generation to bridge gaps in available empirical profitability metrics and strategic challenges in the Indian OTT market (Patnaik et al., 2024).
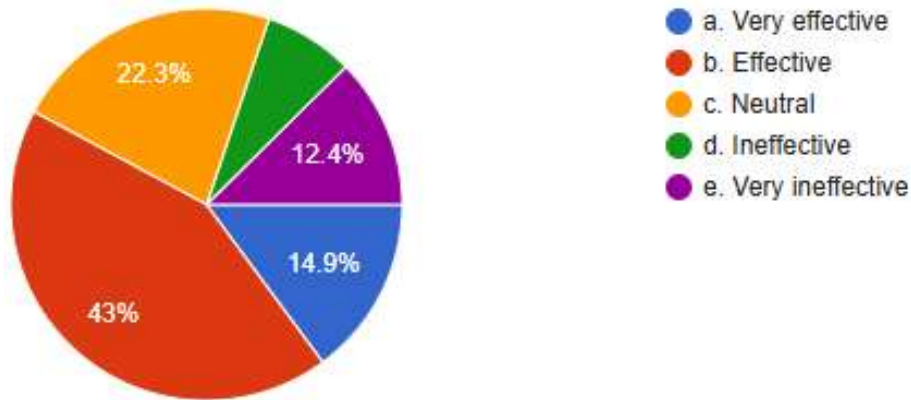
Figure 4:- Effectiveness of the Hybrid Revenue Model.

Effectiveness Level	Percentage of Platforms
Very Effective	14.90%
Effective	43.00%
Neutral	22.30%
Ineffective	7.40%
Very Ineffective	12.40%

Table 5:- Effectiveness of Hybrid revenue model.

It can be seen from the Advertisement Revenue Distribution table that about half (52.9%) of Indian OTT platforms have taken about 20-40% of revenue from advertisements, whereas 16.5% have less than 20%. The table also shows that the hybrid revenue model was only moderately effective in attracting and retaining customers: 43% experienced it as effective and 14.9% very effective, suggesting moderate attainment of strategic alignment with consumer engagement. This reveals that there is work to be done in terms of maintaining loyalty and value delivery; however, only 19.8% labelled it ineffective or very ineffective. This result reinforces the need for a more systematic study of hybrid strategies in order to evaluate their success in balancing divergent consumer preferences, a limitation previously pointed out in the empirical literature (Khanna et al., 2024). Hybrid models outperform single-stream approaches in their ability to adapt, but these adaptabilities must be measured using refined metrics when measuring their impacts on long-term market penetration and customer retention (Fitzgerald, 2019).
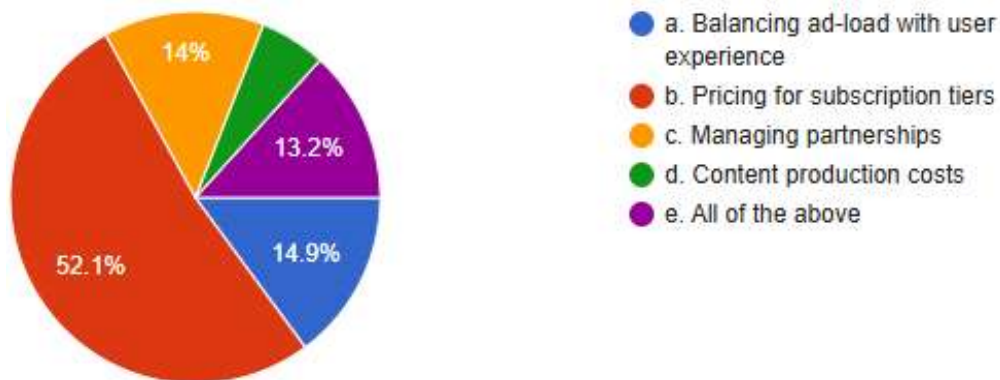

Figure 5:- Challenges.

Challenge	Percentage
Pricing for Subscription Tiers Expectation	52.10%
Managing Partnership	14.00%
Balancing Ad Load with User Experience	14.90%
Content Production Cost	5.80%
All of the Above	13.20%

Table 6:- Challenges.

This pricing for subscription tiers (52.1%) is out of the door for scaling the hybrid revenue model. Balancing ad load with user experience (14.9%) and partnerships management (14%) are other big challenges. This reflects a conflict between what consumers expect and the revenue that the service aggregators can justify. Unless this gap is closed, free profitability will remain elusive. Content production costs were also mentioned (5.8%), as were the 'all of the above' responses (13.2%), demonstrating the important and multi-faceted nature of these challenges. These findings support the objective of analysing strategic obstacles in hybrid frameworks. However, by being hybrid, there is a promise of revenue diversification (Khanna et al., 2024) while insufficient integration strategies may alienate users and hamper financial sustainability (Fitzgerald, 2019).
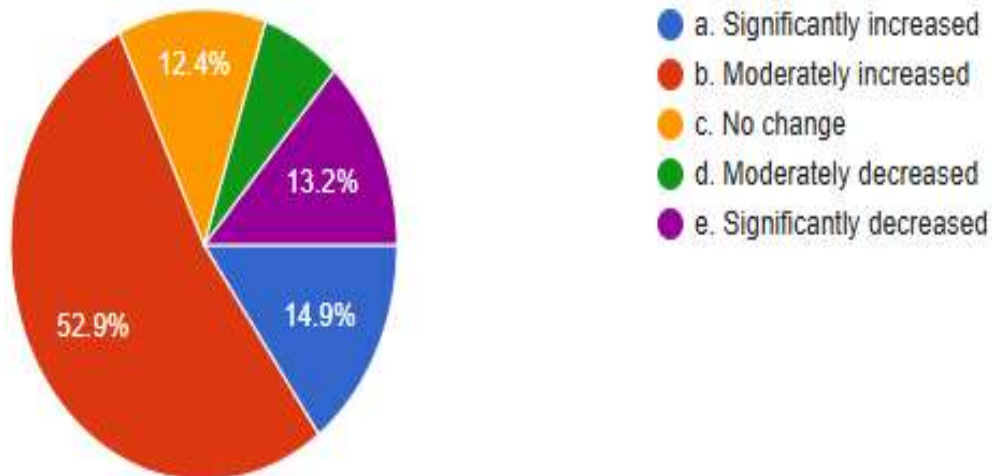

Figure 6:- Impact of hybrid model in cost structure.

Impact on Cost Structure	Percentage
Moderately Increased	52.90%
No Change	12.40%
Moderately Decreased	6.60%
Significantly Decreased	13.20%
Significantly Increased	14.90%

Table 7:- Impact of the hybrid model in cost structure.

In the table, it can be seen that 52.9% of the companies have ended up with costs that have moderately increased due to the inclusion of extra revenue streams like subscription tiers and advertisements. Meanwhile, 14.9 percent indicate significant increases in cost; 13.2 percent indicate substantial cost reductions, reflecting differences in the approach to cost optimisation. These findings further validate the aim of the research and the research objective of assessing financial performance, showing that the hybrid model can be scalable and, at the same time, highly

complex. Serving as an illustration of the challenge of maintaining equilibrium between content production and technology investments, on the one hand, and profitability, on the other, is the cost impact. This is consistent with previous notes about the potential need for more financial measures to gauge performance and the implied tradeoffs of hybrid models in emerging markets (Yellow, Saha and Bhaisare, 2022).
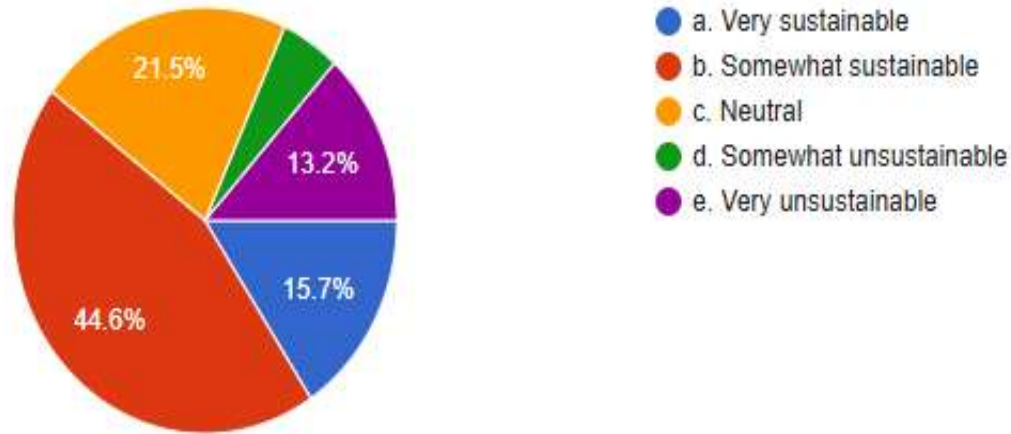

Figure 7:- Sustainable hybrid revenue model.

Sustainability Level	Percentage
Very Sustainable	15.70%
Somewhat Sustainable	44.60%
Neutral	21.50%
Somewhat Unsustainable	5.00%
Very Unsustainable	13.20%

Table 8:- Sustainable Hybrid Revenue Model.

The table shows that 44.6% of respondents somewhat believe that the hybrid revenue model is sustainable, and 15.7% believe it to be very sustainable, suggesting moderate optimism about its long-term viability. However, we also find that 18.2 percent view it as unsustainable to some extent, suggesting a sense of unease about the extent of competition in India's OTT market. Finally, these results help confirm our research objective of examining the strategic benefits and challenges of hybrid models. The model helps diversify revenue but sustainability depends on competitive positioning and optimising expectations of users with financial goals. Similar challenges in aligning hybrid strategies to various consumer bases and regulatory frameworks have been studied previously (Khanna et al., 2024).
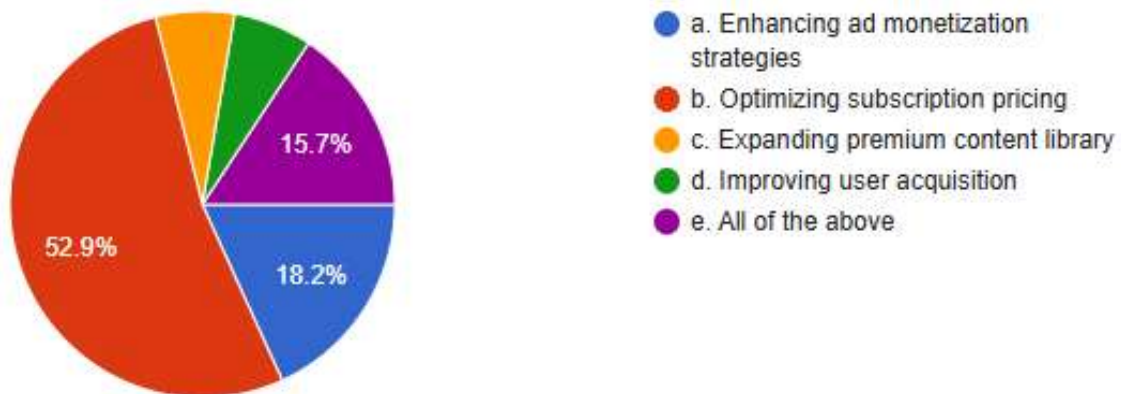

Figure 8:- Profitability of Hybrid revenue models.

Area Needing Improvement	Percentage
Optimizing Subscription Pricing	52.90%
Expanding Premium Content Library	6.60%
Improving User Acquisition	6.60%
Enhancing Ad Monetization Strategies	18.20%
All of the Above	15.70%

Table 9:- Profitability of Hybrid revenue models.

According to the table, 52.9 percent of respondents consider optimising subscription pricing as the most important aspect that could lead to achieving the highest possible hybrid model profitability. Next, improving user acquisition (6.6%) and expanding premium content library (6.6%) each emerge, and then enhancing ad monetisation strategies (18.2%) and addressing all areas (15.7%) collectively follow suit. Indeed, these findings fit with the research objective to make delineation of hybrid revenue components, because pricing has a direct impact on customer engagement and financial metrics. This is consistent with prior findings that the predictability of subscription revenue can be tempting but has to be handled carefully on hybrid platforms. These gaps should be addressed to promote market competitiveness and operational sustainability (Kumar et al., 2023).

To bridge the identified research gap, the study provides empirical evidence on the financial performance and the profitability of the hybrid revenue model in India's OTT market. Further, the findings of the research critically evaluate elements such as subscription pricing, ad monetisation, and customer retention. For example, 57.9% of publications show diversification in revenues with the predominance of subscription + advertising models, while 52.9% indicate inappropriate approaches to pricing strategies, which suggest a misunderstanding of consumer expectations. According to mixed profitability outcomes, context-specific strategies to balance scalability and cost structures are needed. This work fills a literature void on how the nuanced interplay between hybrid strategies plays out in India's unique socioeconomic and competitive landscape.

Conclusion:-
In this study, hybrid revenue models in the Indian OTT industry were critically analysed on financial implications and profitability, in an attempt to bridge a large research gap. Findings suggest that the subscription and advertising hybrid models are in line with the Revenue Diversification Theory by reducing risk and expanding revenue. But there's still work to do — mainly related to fine-tuning subscription pricing (52.9%) and finding the right balance between ad load and user experience (14.9%). However, mixed profitability outcomes coupled with the employment of just 57.9% of platforms having subscription + advertising strategies speak of the requirement for strategies tailored to India's own socioeconomic conditions. The study met its research objectives by defining hybrid revenue components, analysing profitability metrics, and discussing the strategic benefits and challenges of hybrid digital revenue streams.

This work addresses practical implications by empowering the stakeholders (investors and policymakers) with actionable insights to enable their informed decision-making. From a social perspective, a means for growth through engagement and retention is identified through a consumer-centric strategy. However, the study relies on survey data collected from five platforms, which restricts the generality of results and lacks longitudinal data to examine long-term trends. It will be useful for future research to study the scalability of hybrid models on broader datasets and centralise longitudinal studies to trace evolving consumer preferences and market dynamics. Beyond that, further analysis of profitability metrics for various revenue combination profiles helps to determine avenues toward strategic alignment for sustained growth.

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