

# Market Study Report on Connected TV and Video On-demand Service, etc.

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Japan Fair Trade Commission

## 1. Purpose

In recent years, while the viewing time of TV broadcasting has decreased significantly, the usage rate and time of Video On-demand Services (VOD), etc. have been increasing mainly among young people.

“Connected TV” (TVs equipped with a function to connect to the Internet (Smart TV) or devices to insert in TVs (Streaming Device)) has spread in recent years as a device for using VOD, etc. besides smartphones or tablets, etc. and the number of people using Connected TV to use VOD, etc. is increasing. In terms of Connected TV, there is a concern that dominant powers of global digital platform operators (Amazon and Google) which provide TV internal operating systems (TVOS) have been increasing in line with the usage expansion.

In case that VOD providers are unfairly excluded or suffering disadvantages by the conducts of TVOS providers, etc., there might be a concern that it will hinder the creativity and originality of VOD providers or content providers (those who distribute video content to VOD providers). In this case, streaming of various and high-quality content may be harmed and it can cause consumers disadvantage.

Therefore, the Japan Fair Trade Commission (JFTC) conducted the “Market Study on Connected TV and Video On-demand Service, etc.” (hereinafter referred to as the “Market Study”) to evaluate the competitive situation, understand whether the issues on the Antimonopoly Act (AMA) or competition policy are caused by platforms or not and take necessary actions to secure fair competition environment when there are problems in terms of Connected TV and VOD, etc. provided through Connected TV.

### (1) Scope of the Market Study

In terms of TVOS and VOD, etc. markets in Japan, the JFTC researched the market structure such as the position and share of the business operators, feature of the markets, competitive situation in these markets, and the competition issues in the markets.

### (2) Methods of the Market Study

#### (i) Questionnaire Survey for Consumers and Business Operators

##### (a) Questionnaire Survey for Consumers

In July 2023, the JFTC conducted a questionnaire survey for consumers

registered to the research company on usage situations, etc. of Connected TV and VOD, etc.

(b) Questionnaire Survey for Business Operators

The JFTC conducted questionnaire surveys for VOD providers on transaction conditions, etc. between content providers, TVOS providers and consumers (Number of respondents: 22).

Through the process of the Market Study, the JFTC issued orders to submit reports against 2 VOD providers, based on article 40 of the AMA.

(ii) Voluntary Interview

The JFTC interviewed 43 business operators which provide products or services in Connected TV related sector, including TVOS providers and VOD providers, taking their business types and sizes into consideration.

Also, the JFTC sent written questions, etc. to 2 major TVOS providers (Amazon and Google) and collected their opinions.

Moreover, the JFTC exchanged opinions with 1 government agency with jurisdiction over Connected TV related sector.

(iii) International Cooperation

During preparing this report, the JFTC exchanged opinions with the Korea Fair Trade Commission and the Competition Commission of India on each authority's market study, etc.

## 2. Results

Please refer to the Market Study report, attachments, and summaries attached.

## 3. Future Initiatives

(1) The JFTC will inform the details of this report to TVOS providers and related parties in Connected TV-related sector, including VOD providers, keep proactively engaging in cooperation and collaboration with relevant agencies and seek to secure fair competition environment.

(2) The JFTC will keep monitoring competitive situation in Connected TV-related sector, including the situation of application of the new Amazon's policy on collecting the charge.

(3) In the case that the JFTC faces the concrete cases involving TVOS providers or

VOD providers that are problematic under the AMA, it will strictly and appropriately deal with those cases by utilizing the knowledge gained through the Market Study.

- (4) As foreign competition authorities are heavily interested in and have concern on the business activities of global digital platforms, the JFTC will exchange opinions with them at various levels, and make use of opportunities offered by organization such as the Organisation for Economic Co-operation and Development (OECD) and the International Competition Network (ICN) to promote continuous collaboration with relevant overseas authorities and seek to develop competition environment while proactively sharing opinions and knowledges from the Market Study.