Empirical Analysis of the Disney-Reliance Merger

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Contents

Abstract

This paper presents an empirical analysis of the completed Disney-Reliance strategic joint venture, with particular emphasis on its implications for market competition and consumer welfare in India's media and entertainment sector. The study evaluates the merger's impact on stock prices, market concentration in the OTT streaming segment, and potential effects on consumer pricing. The analysis applies event study methodology, market concentration measures such as the Herfindahl-Hirschman Index (HHI), and comparative case studies to determine whether the transaction enhances efficiency or raises antitrust concerns. The findings provide evidence-based insights into the competitive dynamics of India's digital media landscape and contribute to the discourse on ongoing regulatory review.

1 Introduction

The OTT (Over-The-Top) entertainment market in India is a rapidly evolving and growing industry with revenues expected to surpass $4.49 billion in 2025[12]. The unique environment in India offers a challenge to competing platforms due to regional preferences, multiple languages, and most importantly, cricket.
This has caused a high barrier to entry and a highly concentrated market in comparison with other countries like the United States. These dynamics have driven platforms to adopt varying monetization strategies, most notably Subscription Video on Demand (SVOD) and Advertising-Based Video on Demand (AVOD).

Before the Reliance-Disney merger, YouTube held a dominant market share of 37% in the AVOD segment[3]. Within SVOD, Disney+ Hotstar led with a 25.65% share, largely due to its exclusive streaming rights for major cricket tournaments[5]. Following Disney's acquisition of Star India and Hotstar, the platform consolidated its position as the leading OTT service in India, offering a comprehensive portfolio of channels and shows. In 2017, Disney secured a USD 2.55 billion[8] agreement to stream the Indian Premier League (IPL), further strengthening its market leadership.

In contrast, JioCinema, owned by Reliance Industries, held a comparatively modest market share of 5.91%[5]. Reliance also owns Viacom18, a media and entertainment group with rights to prominent television channels such as Nickelodeon and Comedy Central, as well as film production and distribution partnerships, including Paramount Pictures in India. Despite this smaller initial presence in the OTT segment, how was Reliance Industries able to turn the tables and merge with the biggest player in the market?

2 Reason for Merger

Disney had been operating at a loss in the Indian OTT market, until FY22, when it was on the verge of achieving profitability (Fig. 1). However, its USD 2.55 billion Indian Premier League (IPL) digital rights deal, secured for the 2017-2022 period, expired at the end of FY22. Without renewal, Disney's prospects for sustained market capitalization and profitability weakened significantly.

Figure 1: Disney+ Hotstar's Revenue and Net Loss (FY21 vs FY22)

This is also when Viacom 18 outbid Disney for IPL's streaming rights till 2027. Although Disney retained television rights, JioCinema, owned by Viacom18's parent Reliance Industries, streamed the IPL free of charge. Given the tournament's estimated one billion viewers[4], this strategy significantly increased JioCinema's viewership while contributing to a decline in Disney+ Hotstar subscriptions (Fig. 2). The competitive pressure intensified when JioCinema acquired exclusive streaming rights to HBO content, previously a key asset for Disney+ Hotstar[13]. These developments coincided with broader challenges in Disney's global operations. The company's share price fell to a nine-year low of USD 79.32 (Fig. 3), signalling a decline in investor confidence.

The convergence of subscriber losses, loss of premium content, and global financial pressures left Disney strategically vulnerable in India. Then why would Reliance Industries, given its success, want to merge with Disney?

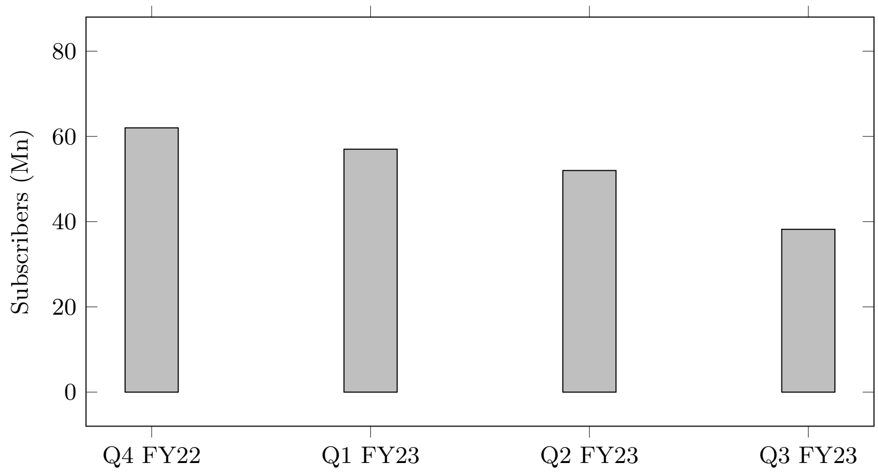


Figure 2: Disney+ Hotstar Subscriber Base from Q4 FY22 to Q3 FY23

Figure 3: Disney vs Reliance Cumulative Returns

3 Competition Analysis

To understand this, it is first necessary to examine the business structure and market power of Reliance Industries and Viacom18. Reliance Industries is a diversified conglomerate with operations spanning retail, telecommunications, and financial services. Viacom18 maintains a similarly broad portfolio, with holdings in live streaming, music, film, and television, including regional and multilingual platforms with strong subscriber loyalty.

3.1 Monopoly over Cricket Live Streaming

The merger grants Reliance Industries control over both digital and television broadcasting rights for the Indian Premier League (IPL), effectively consolidating all IPL-related advertising under a single entity. In addition, the merged company, branded as JioStar, holds exclusive live streaming rights to International Cricket Council (ICC) tournaments, including the Cricket World Cup and other major international events. This level of control over premium cricket content advertising creates the potential for monopolistic pricing power in a high-demand segment.

3.2 Bundling of Advertisements

With consolidated control over key sports broadcasting properties, JioStar can engage in cross-platform advertising strategies that integrate its broader portfolio of media assets. This includes the ability to sell bundled advertising packages requiring advertisers to purchase slots across multiple events, such as both the IPL and ICC tournaments, rather than individual placements. Such practices could limit advertiser choice, raise entry barriers for competitors, and allow selective exclusion of rival companies from high-visibility events.

3.3 Bundling of Products

OTT platforms frequently expand market share by offering product bundles that combine streaming services with other consumer benefits. A prominent example outside this merger is Amazon Prime, which integrates expedited delivery, music streaming, and video content into a single subscription.

Figure 4 illustrates consumer preferences for two goods, SVOD streaming and bundled perks, using indifference curves and a budget constraint. Utility is maximized where the budget line is tangent to an indifference curve, indicating that consumers will prefer the company offering the most favorable combination of both goods.

Consumer Choice with Bundling: Indifference Curves and Budget Line

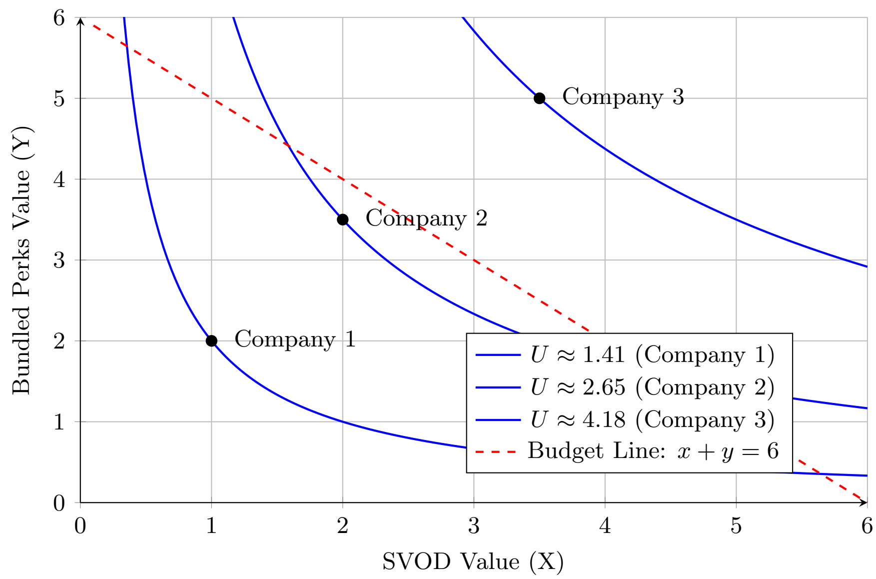


Figure 4: Consumer choice with bundling: indifference curves and budget line

Following the merger, JioStar has implemented similar bundling strategies, offering discounted or free subscriptions to customers using its Jio telecommunications service. This approach extends the competitive impact of the merger beyond OTT streaming into adjacent business segments, creating potential spillover effects that could influence competition across Reliance's wider portfolio.

3.4 Herfindahl-Hirschman index (HHI)

The Herfindahl-Hirschman Index (HHI) is a widely used metric for assessing market concentration. It is calculated by squaring the market share of each firm in the market and summing the resulting values. The index ranges from 0 to 10,000, with higher values indicating greater concentration.

$$\text{HHI} = \sum_{i=1}^{N} s_i^2 \tag{1}$$

where s_i is the market share (in percentage) of firm i in the market, and N is the total number of firms.

$HHI < 1,500$: Competitive marketplace.
$HHI = 1,500$ to $2,500$: Moderately concentrated marketplace.
$HHI > 2,500$: Highly concentrated marketplace.

Table 1: SVOD Market Share and HHI Index Comparison Before and After Disney–Reliance Merger

Company Name	Market Share Before Merger	HHI Index Before Merger	Market Share After Merger	HHI Index After Merger
Disney+ Hotstar	25.65	657.92	31.56	996.03
JioCinema	5.91	34.93	–	–
Amazon Prime Video	21.27	452.41	21.27	452.41
Netflix	12.59	158.51	12.59	158.51
Voot	5.15	26.52	5.15	26.52
Alt Balaji	3.87	14.98	3.87	14.98
Zee5	11.07	122.54	11.07	122.54
Others	14.49	209.96	14.49	209.96
Total	**100.00**	**1677.78**	**100.00**	**1980.96**

Although the post-merger HHI value of 1,980.96 still indicates a moderately concentrated market, the increase from 1,677.78 reflects a measurable reduction in competition. This quantitative result, when considered alongside the earlier qualitative analysis of exclusive content rights and bundling strategies, suggests a trajectory toward greater market power and potential monopoly-like conditions in the future.

4 Market Structure

4.1 Price Elasticity

Figure 5 illustrates the kinked demand curve characteristic of oligopolistic markets. Above the equilibrium price, demand is relatively elastic when competitors do not match a price increase, as consumers can switch to substitutes with minimal cost. Conversely, when a firm reduces its price and competitors follow, the resulting increase in quantity demanded is marginal, leading to significant revenue losses for all firms. This dynamic reflects price stickiness in oligopolies and explains firms' reluctance to initiate price reductions. It also underscores the highly competitive, non-collusive nature of pricing in such markets, where firms rely on product differentiation to expand market share.

Table 2 presents the estimated price elasticity of demand (PED) for OTT streaming relative to other goods and services. The relatively elastic PED values for streaming indicate that demand declines significantly with price increases. Taken together, this framework helps explain why JioStar has avoided substantial subscription price hikes, an issue examined further in subsequent sections.

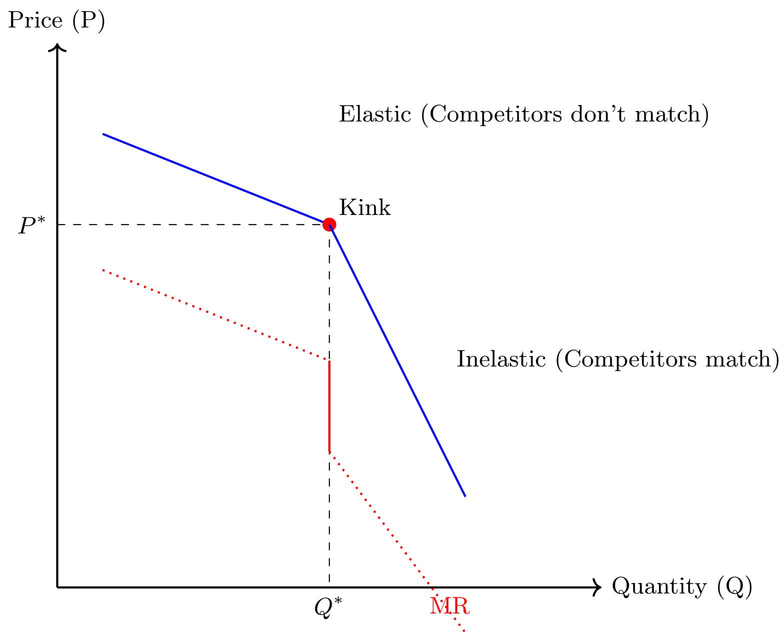


Figure 5: Kinked demand curve in oligopoly

Table 2: Estimated Price Elasticity of Demand (PED) Across Goods and Services

Category	**Good/Service**	**Estimated PED**	**Elasticity Type**
OTT Streaming	Netflix, Disney+, JioCinema	-0.9 to -1.5	Unit elastic to elastic
Music Streaming	Spotify, Apple Music	-1.5 to -2.0	Elastic
In-Person Cinema	Movie Tickets	-1.3 to -1.8	Elastic
Fast Food	McDonald's, KFC	-0.4 to -0.8	Inelastic
Groceries (General)	Milk, Rice, Vegetables	-0.2 to -0.5	Highly inelastic
Video Games	Console / Online Games	-0.8 to -1.4	Elastic
Luxury Apparel	Designer Fashion	-1.5 to -2.5	Highly elastic
Air Travel (Leisure)	Vacation Flights	-1.0 to -1.8	Elastic
Mobile Data (India)	Jio, Airtel Plans	-0.5 to -1.0	Mixed (depends on plan)

4.2 Barriers to Entry

The OTT streaming sector exhibits high barriers to entry and exit, primarily due to substantial fixed costs and the entrenched position of established players. Fixed costs encompass content acquisition and licensing, technological infrastructure, and compliance with legal and regulatory requirements.

Established platforms also benefit from strong brand recognition and customer loyalty. A larger subscriber base enables these firms to operate at lower average costs, benefiting from economies of scale. As illustrated in Figure 6, operating beyond the Minimum Efficient Scale (MES) enhances sustainability and profitability in the long run.

The Disney-Reliance merger increases JioStar's subscriber base, enabling lower marginal and average costs and potentially raising the barriers to entry for new competitors.

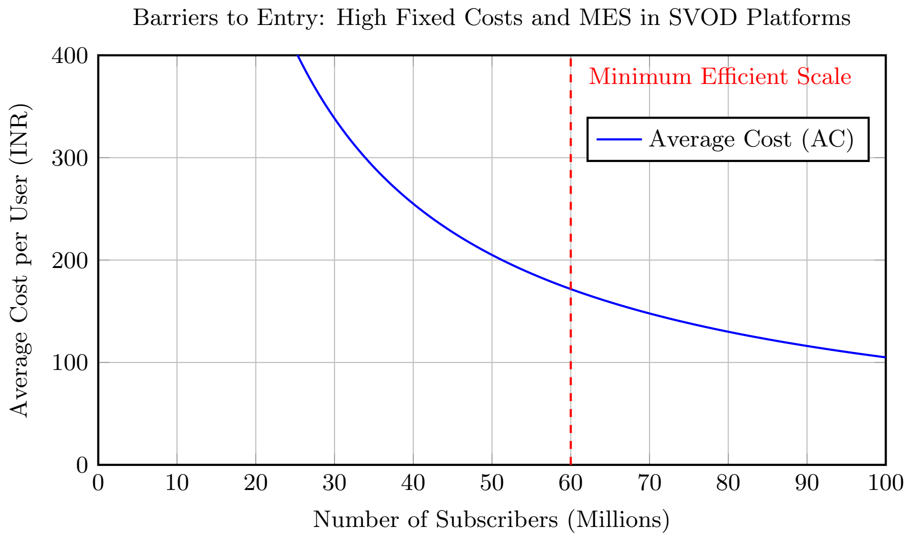


Figure 6: Barriers to entry and minimum efficient scale

4.3 Consumer Behavior and Switching Costs

Unlike the telecommunications sector, the OTT streaming market imposes minimal contractual obligations, allowing consumers to cancel subscriptions without financial penalties. Many users engage in "multi-homing," maintaining multiple subscriptions across platforms to access varied content libraries. Content availability, particularly exclusive rights to sports or premium shows, is a primary driver of switching behavior, which contributes to a high churn rate in this industry.

JioStar's expanded content library, combined with exclusive sports broadcasting rights, is likely to reduce churn compared to competitors, who must continually invest in original productions or new licensing agreements to retain subscribers. Moreover, JioStar's presence in both the SVOD and AVOD segments increases its ability to convert free users into paying subscribers and retain them over time.

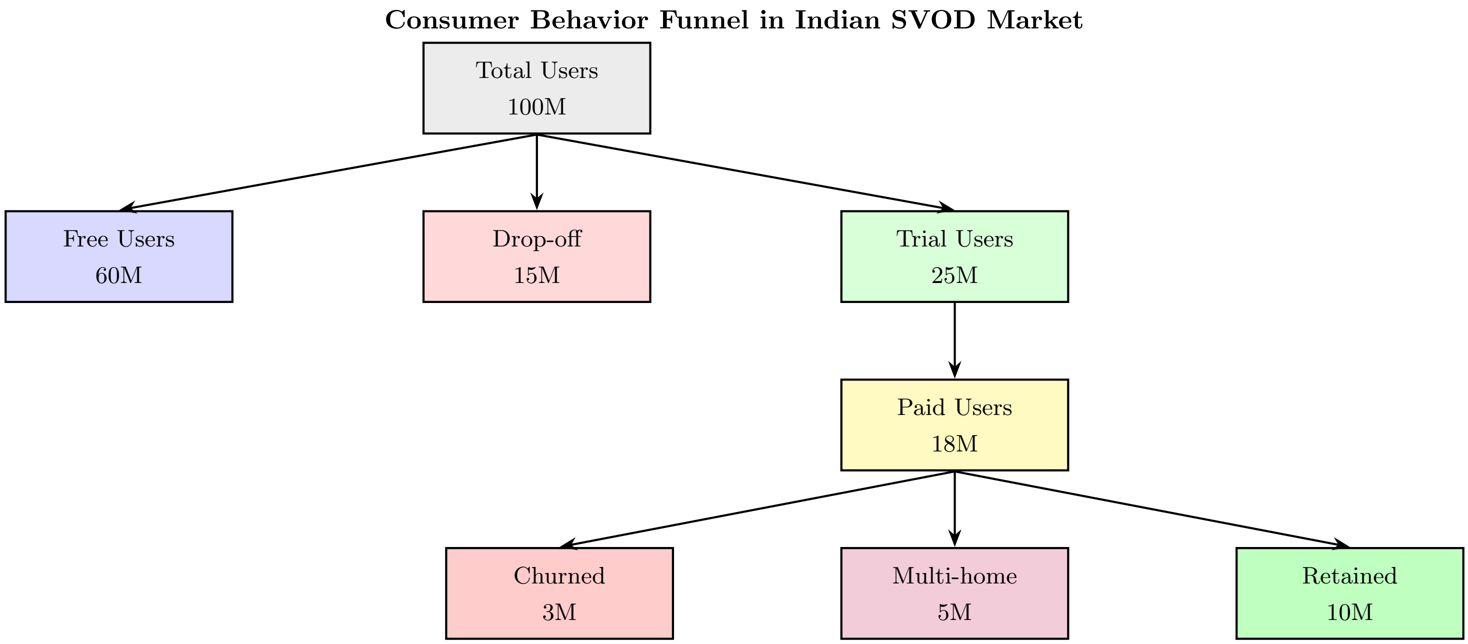


Figure 7: Consumer behavior funnel in Indian SVOD market

4.4 Product Differentiation

Although the Indian OTT market is concentrated, it is far from homogeneous. Firms differentiate themselves through content portfolios, user interface quality, bundling strategies, and brand positioning. Figure 8 illustrates how major players occupy distinct positions along the spectrum from low-cost, mass-appeal services to premium-priced platforms offering high-quality global originals.

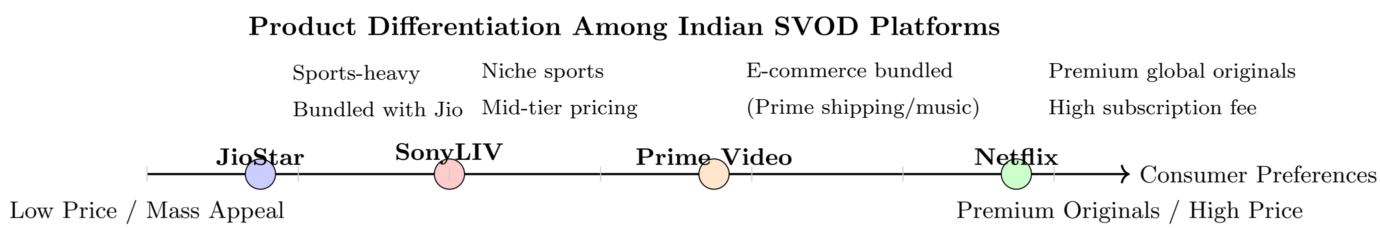


Figure 8: Product positioning across Indian SVOD platforms

Securing and effectively managing intellectual property (IP) rights is, therefore, central to sustaining a competitive edge. The role of IP ownership in shaping competitive positioning will be examined in the following section.

5 Role of Intellectual Property Rights

Intellectual property (IP) rights are a critical determinant of competitive advantage in the OTT streaming market. From copyrights and trademarks to patents and design rights, control over IP shapes a firm's ability to differentiate its offerings, attract and retain subscribers, and create barriers to entry. The Disney-Reliance joint venture consolidates significant IP assets, strengthening JioStar's competitive position across multiple dimensions.

5.1 Copyrights

Streaming platforms require copyright licenses to distribute films, television shows, and live sports. A broader portfolio of copyrighted content typically correlates with a larger subscriber base because of the diversity and exclusivity of offerings. Premium and exclusive rights, such as those for major sporting events, are particularly valuable since consumers often subscribe solely to access content that is not available elsewhere.

Through this merger, JioStar gains expanded access to both general and premium content, most notably the Indian Premier League (IPL). This increases the cost of copyright acquisition for competitors and intensifies pressure on them to invest in original programming.

5.2 Trademarks

The merger combines several high-profile brands, including Disney, Jio, IPL, and Star Sports. This creates a powerful brand portfolio that commands consumer attention and reinforces market dominance. Leveraging brand equity across these domains enables JioStar to attract loyal audiences from multiple segments, strengthening its competitive position.

For smaller domestic players, this creates substantial brand-recognition barriers and forces them to invest more heavily in marketing to remain visible.

5.3 Patents

Jio Platforms Limited, the parent company of JioStar, holds numerous patents in streaming and telecommunications technologies[6]. These innovations enable high-quality streaming at lower costs. Combined with Disney's Content Delivery Network (CDN) infrastructure through Amazon Web Services (AWS), the partnership delivers a seamless and efficient user experience that is essential for subscriber retention.

According to Reliance Industries' 2023-24 Annual Report, "In pursuit of developing innovative products and services at affordable prices, Jio Platforms and its subsidiaries filed for 1,255 patents and were granted 144 patents in FY2023-24. The cumulative number of patents granted reached 331 as of March 2024, spanning 6G, 5G, AI, LLM, Deep Learning, Big Data, Devices, IoT, and NB-IoT."[11]

The scale of this intellectual property portfolio raises the capital requirements for competitors to match JioStar's technological capabilities, often forcing them to either invest heavily in research and development or license these solutions from other companies.

5.4 Design Rights

User Interface (UI) and User Experience (UX) design serve as critical differentiators in a market with otherwise similar content offerings. A more intuitive, engaging, and responsive interface enhances viewer satisfaction and fosters subscriber loyalty. Disney is known for its sports streaming UI/UX, which brings valuable expertise to JioStar.

While Disney's platforms rank below Netflix in overall user experience[1], the merger expands access to tangible and intangible resources that will allow JioStar to refine its design capabilities and improve competitive positioning.

5.5 Information and Analytics

With a combined subscriber base and extensive content library, JioStar gains access to large volumes of data, including viewing patterns, subscriber demographics, and market behavior insights. When leveraged effectively, this data can inform content acquisition strategies, dynamic pricing models, targeted advertising, and personalized recommendations.

Competitors with smaller datasets face a structural disadvantage because limited insights restrict their ability to tailor offerings, optimize monetization, and achieve comparable retention rates.

6 Deal Structure

This transaction is structured as a strategic joint venture with an overall valuation of $8.5 billion. The merger aligns the complementary assets of Reliance Industries, Viacom18, and Disney to create a dominant OTT and media entity in the Indian market.

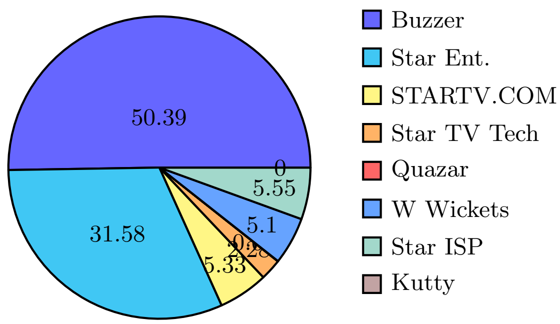
Table 3: Classification of the key M&A dimensions[15]

Acquirer	Integration	Structure	Consideration	Process	Negotiation
Strategic Financial	Horizontal Vertical Conglomerate	Statutory Merger Asset Sale Stock Sale	All-Cash All-Securities Mix of Cash and Securities	Private Transaction Competitive Auction Takeover Bid	Friendly Hostile

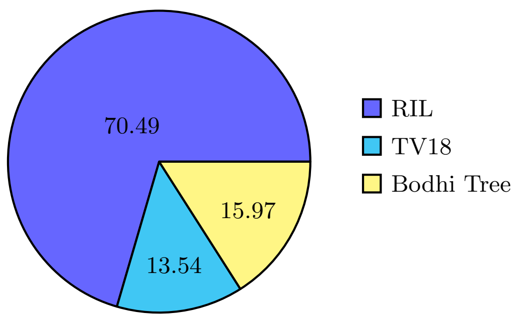
It is important to note that SIPL (Star India Private Limited) became a wholly owned subsidiary of Disney after the acquisition of 21st Century Fox in 2019. As part of the current transaction, the assets and operations of SIPL are being integrated with Viacom18's media and streaming business.

Figure 9 shows the ownership breakdown before the merger for SIPL and Viacom18, and the post-merger structure of JioStar. The new ownership arrangement consolidates Disney's premium content portfolio with Reliance's distribution reach and technological capabilities, while also incorporating Viacom18's entertainment and sports properties.

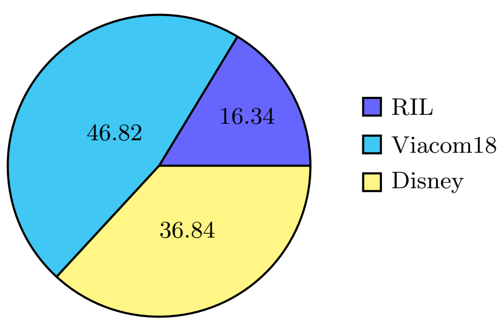
[1] Based on expert reviews, consumer feedback, and aggregated ratings from platforms such as Google Play Store and Apple App Store.



(a) SIPL Pre-Merger



(b) Viacom18 Pre-Merger



(c) JioStar Post-Merger

Figure 9: Ownership Structure Comparison[7]

Although Reliance Industries directly holds only 16.34 percent of JioStar in the post-merger structure, it retains significant influence and effective control through its majority ownership in Viacom18. Since Viacom18 itself holds 46.82 percent of JioStar, Reliance's indirect stake, combined with its direct holding, results in a controlling interest. This layered ownership structure enables Reliance to maintain strategic decision-making power while limiting direct capital deployment into the joint venture.

7 Financial and Stock Price Implications

7.1 Performance Evaluation

Table 4: 3-Year Financial Comparison (in INR crore unless specified)

Metric	FY 2021–22	FY 2022–23	% Change YoY (22–23)	FY 2023–24	% Change YoY (23–24)
Value of Services	6,831	7,266	+6.4%	10,826	+49.0%
Revenue from Operations	5,880	6,223	+5.8%	9,297	+49.4%
EBITDA	1,131	236	−79.1%	33	−86.0%
EBITDA Margin	19.2%	3.8%	−1,540 bps	0.4%	−340 bps

Table 4 presents the change in four key performance indicators for RIL's Media and Entertainment segment. The Value of Services grew by 6.4% in FY 2021-22, followed by a substantial 49% surge in the year the merger was completed. This underscores the significant growth RIL achieved, driven largely by the acquisition of IPL streaming rights, which propelled it to the position of India's leading streaming platform. Despite this growth, EBITDA remains low, likely due to higher integration and restructuring expenses associated with the merger, as well as increased content acquisition costs to expand the platform's library. The subdued EBITDA may have tempered investor expectations and influenced the stock price, a topic examined in the next section.

7.2 Stock Price Impact

1. Introduction

This subsection examines the effect of the merger completion on the performance of RIL's stock. The transaction officially closed on November 14, 2024. To assess the market reaction, we employ an event study methodology to calculate abnormal stock returns in the days surrounding this date, using the Nifty Next 50 index as the market benchmark. The Nifty Next 50 is chosen instead of the Nifty 50 because the latter has a high weightage of RIL, which could introduce endogeneity bias into the estimation.

Assessing the effect of the merger on the stock price is inherently complex, as numerous factors can influence market behavior. Key considerations include:

1. The relatively small share of the Media & Entertainment segment within RIL's overall portfolio
2. The influence of media coverage and government reports on shareholder sentiment
3. Broader economic and political conditions affecting company performance
4. Differences in price movements between the merger announcement date and the completion date

2. Methodology

2.1 Event Study Design

For clarity, we follow the standard market model:

$$R_{it} = \alpha_i + \beta_i R_{mt} + \varepsilon_{it} \tag{2}$$

Where:

- R_{it} is the return on RIL stock on day t
- R_{mt} is the return on the Nifty Next 50 index on day t
- α_i, β_i are firm-specific parameters estimated from the pre-event window
- ε_{it} is the error term (abnormal return)

2.2 Estimation and Event Windows

- **Estimation Window:** 90 trading days prior to the event, from June 24, 2024, to November 1, 2024
- **Event Window:** 21 trading days, from October 30, 2024, to December 2, 2024 ($[-10, +10]$)

2.3 Abnormal Returns and CAR

Abnormal returns (AR) are computed as the difference between actual and predicted returns:

$$AR_{it} = R_{it} - (\hat{\alpha}_i + \hat{\beta}_i R_{mt}) \tag{3}$$

Cumulative Abnormal Returns (CAR) are obtained by summing ARs over the event window:

$$CAR_i = \sum_{t=-10}^{+10} AR_{it} \tag{4}$$

3. Regression Results

The following parameters were estimated using OLS on the estimation window:

- $\hat{\alpha}$ = -0.0016
- $\hat{\beta}$ = 0.6515

4. Results and Interpretation

4.1 Counterfactual Returns

Using the estimated parameters from the regression on the estimation window, we computed the expected return for RIL during the event window, as if the merger had no effect.

$$\hat{R}_{\text{RIL},t} = \hat{\alpha} + \hat{\beta} \cdot R_{\text{market},t} \tag{5}$$

Where:

- $\hat{\alpha} = -0.0016$, the estimated intercept
- $\hat{\beta} = 0.6515$, the estimated sensitivity to market movements

This gives us the predicted RIL return for each day during the event window.

Table 5: Cumulative Abnormal Returns (CAR) around Merger Completion

Event Window (Dates)	CAR (%)	t-Statistic	Significance
Oct 30-Dec 2, 2024 ($[-10, +10]$)	-1.18	-0.27	Not Significant

The CAR over the 21-day window around the merger completion is -1.18%, with a t-statistic of -0.27. This suggests that the merger completion did not result in a statistically significant abnormal return for RIL shareholders.

5. Conclusion

The event study provides no strong evidence that the completion of the merger on November 14, 2024, had a significant impact on RIL's stock price. A possible explanation is that the Media and Entertainment segment accounts for a relatively small proportion of RIL's overall portfolio compared to its Oil-to-Chemicals and Retail divisions, which may have diluted the perceived financial impact of the merger.

Although the event study suggests that the merger's completion did not generate a statistically significant immediate effect on Reliance Industries' stock price, such short-term market reactions may not fully capture its broader implications for consumers and competitors. Structural changes in content availability, pricing, and platform integration often manifest over a longer horizon and have the potential to reshape market dynamics more profoundly than short-term investor sentiment. The next section examines these longer-term effects, focusing on how the consolidation of Star and Viacom18 content under JioStar influences subscription pricing, consumer choice, and competitive positioning in India's OTT market.

8 Impact on Customers and Competitors

The deal claims to bring a more diverse range of content from the Star and Viacom18 platforms onto a single service, making it more accessible not only to Indian consumers but also to the Indian diaspora[14]. It also aims to provide this expanded content library at a more affordable price point, which we now examine.

8.1 Impact on OTT Prices in India

Table 6 presents the subscription prices of major SVOD platforms in India across basic, medium, and premium tiers.

Table 6: SVOD Plan Pricing of Major OTT Platforms in India

Company Name	Basic	Medium	Premium
JioStar	499 mobile/year (ads)	899 super/year (ads)	1499 premium/year
Netflix	199 Basic/month	499 Standard/month	649 Premium/month
Amazon Prime Video	799/year Lite (ads)	–	1499/year
Zee5	320/month (ads)	–	1949/year Premium
Sony Liv	699/year Mobile	–	1499/year Premium
Alt Balaji	300/year	–	–

Median Yearly Pricing (Yearly + Monthly Plans, Monthly Converted)

For comparability, monthly plans were converted to annual equivalents to compute median yearly prices across each tier.

Basic:

$$\begin{aligned}
&\text{JioStar: } 499\\
&\text{Netflix: } 199 \times 12 = 2388\\
&\text{Amazon Prime Video: } 799\\
&\text{Zee5: } 320 \times 12 = 3840\\
&\text{Sony Liv: } 699\\
&\text{Alt Balaji: } 300\\
&\text{All values: } 300,\ 499,\ 699,\ 799,\ 2388,\ 3840\\
&\text{Sorted: } 300,\ 499,\ 699,\ 799,\ 2388,\ 3840\\
&\text{Median: } \frac{699+799}{2} = 749
\end{aligned}$$

Medium:

$$\begin{aligned}
&\text{JioStar: } 899\\
&\text{Netflix: } 499 \times 12 = 5988\\
&\text{All values: } 899,\ 5988\\
&\text{Median: } \frac{899+5988}{2} = 3443.5
\end{aligned}$$

Premium:

JioStar: 1499

Netflix: $649 \times 12 = 7788$

Amazon Prime Video: 1499

Zee5: 1949

Sony Liv: 1499

All values: 1499, 1499, 1499, 1949, 7788

Sorted: 1499, 1499, 1499, 1949, 7788

Median: 1499

Summary Table (Yearly + Monthly Converted):

Table 7: Median yearly pricing by plan

Plan	Basic	Medium	Premium
Median Yearly Price (INR)	749	3443.5	1499

JioStar's basic plan is priced below the market median, while its premium plan matches the median. This pricing structure may offer consumers broader content access at competitive rates. Previously, subscribers needed multiple separate subscriptions for JioCinema, Viacom18, and Disney Star content. Post-merger, these offerings are consolidated into a single subscription, reducing total consumer expenditure while increasing content variety. The analysis controls for outlier effects by using the median rather than the mean, given Netflix's substantially higher price points.

8.2 Is this a predatory pricing tactic?

Given JioStar's significantly larger content library, exclusive access to major cricket tournaments, and strong regional content offerings at a median market price, an important question arises: does this constitute predatory pricing? To assess this, we examine Jio's historical pricing strategies.

Jio first entered the telecommunications sector in 2016, offering Network Service Provider plans priced 70-90% lower than competitors. This aggressive undercutting, supported by extensive marketing, quickly secured Jio a substantial market share. Competitors such as Airtel and Vodafone filed complaints with the Telecom Regulatory Authority of India (TRAI) and the Competition Commission of India (CCI), alleging predatory pricing. TRAI rejected these complaints, reasoning that Jio was not dominant at market entry and that rival firms could have matched its prices[1].

This pricing disruption significantly reduced competitor revenues and contributed to major market consolidations, such as the Vodafone–Idea merger. The current Reliance–Disney merger could similarly intensify competitive pressure, potentially forcing other OTT platforms to explore alternative strategies for market survival.

Over time, Jio raised its telecom prices from their initial 2016 levels, but they remain far below pre-Jio market rates, ultimately benefiting consumers. This historical precedent suggests that while initial aggressive pricing may squeeze competitors, the long-term outcome can be a lower industry price equilibrium.

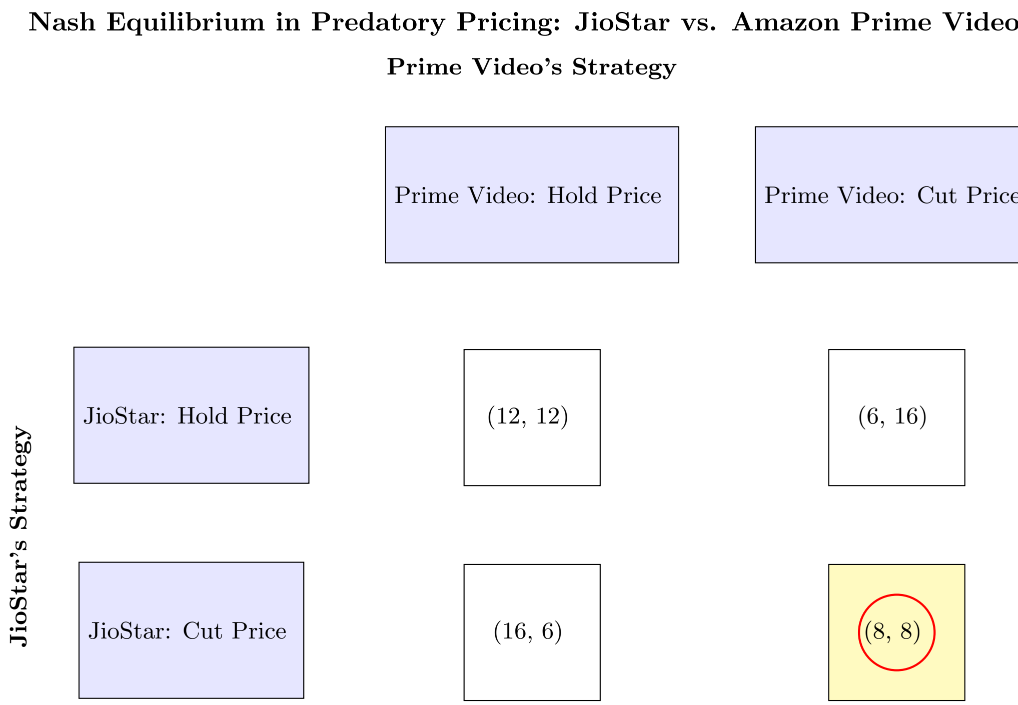


Figure 10: Nash equilibrium payoff matrix for predatory pricing example

Figure 10 presents a simplified Nash equilibrium framework for the OTT market, illustrating how mutual price-cutting strategies can lead to a lower equilibrium price. This outcome reflects the competitive pressures in an oligopolistic environment, where aggressive pricing may erode industry margins while increasing consumer surplus.

9 Conclusion

This study examined the Reliance-Disney OTT merger within the context of India's rapidly growing and highly competitive streaming industry, where regional language diversity, exclusive cricket broadcasting rights, and varied monetization models shape market dynamics. By analyzing market concentration through the Herfindahl-Hirschman Index, pricing strategies, intellectual property portfolios, deal structure, and stock price reactions, we assessed the merger's implications for consumers, competitors, and the broader industry.

Our findings indicate that the merger substantially increases market concentration, combining the dominant position of Disney+ Hotstar in subscription video-on-demand with Reliance's JioCinema and Viacom18's strong presence in advertising-based streaming and sports broadcasting. For consumers, the combined platform offers a more diverse and extensive content library, including premium sports events, at pricing that is below or equal to the industry median for comparable plans. This consolidation reduces the need for multiple subscriptions, improving affordability in the short term.

However, the merger also raises significant competitive concerns. Reliance-Disney's combined intellectual property rights, technological infrastructure, and access to extensive user data create substantial barriers to entry for smaller domestic players and new entrants. Historical parallels to Jio's entry into the telecom market suggest that aggressive pricing, while initially beneficial to consumers, may also function as a predatory strategy that weakens competitors before allowing for subsequent price increases.

The event study analysis showed no statistically significant abnormal returns for Reliance Industries around the merger completion date, potentially reflecting the relatively small contribution of the Media and Entertainment segment to RIL's overall portfolio. Nonetheless, the strategic value of the merger extends beyond immediate stock performance, positioning JioStar as a dominant player in India's OTT landscape and enabling global reach to the Indian diaspora.

This merger represents a pivotal shift in the competitive landscape of India's OTT streaming sector and was closely examined by the Competition Commission of India (CCI). The CCI identified potential anti-competitive risks across several areas of horizontal overlap, including sports broadcasting, TV channels, OTT streaming, and advertising airtime, as well as vertical overlaps in advertising between upstream and downstream markets, and complementary linkages between internet service providers (ISPs) and OTT platforms.

To address these concerns, the parties submitted a Voluntary Proposal for Modifications, committing to measures such as refraining from bundling advertisement slots, maintaining fair pricing for advertising inventory, and keeping subscription fees in line with industry standards. The CCI granted approval to the merger subject to these commitments; however, the clearance is conditional and may be revoked if the undertakings are breached. Non-compliance could also result in penalties under the Competition Act, 2002[2].

In the long term, the merger's impact will depend on regulatory oversight by the Competition Commission of India and the ability of competitors to innovate in content and distribution. While the deal offers short-term consumer benefits and operational synergies, sustained market health will require vigilance to prevent excessive concentration from limiting content diversity and consumer choice. The Reliance-Disney merger thus marks a pivotal moment in India's digital entertainment sector, with outcomes that will shape the competitive and cultural landscape for years to come.

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