

Content Revolution: The Changing Dynamics of Tollywood in Digital Age

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Abstract

OTT platforms have transformed the landscape of the Telugu film industry by changing the way content is created, marketed, and consumed. In this regard, this paper aims to analyse the transformation from classic cinematic experience to a digital theatre, and how audience tastes and preferences, the accessibility to contents, the variety of those contents and the economic viability of cinematic experience have also changed to fit the success of OTTs. It puts the history of Telugu cinema in perspective, the ripple effect of platforms such as Aha, Netflix and Amazon Prime Video, and what it means for stories from the region and theatrical releases. The paper examines the potential and challenges for viewers and the broader entertainment ecosystem to face with this digital change.

Keywords: OTT, Tollywood, Digital Transformation, Film Industry, Media Consumption

1. Introduction

The landscape of Indian cinema has changed phenomenally with the exponential boom and rapid rise of Over-The-Top (OTT) platforms. For the Telugu film industry, popularly called Tollywood, this digital transition has upended traditional notions of theatrical releases, star power and mass entertainment. Audiovisual entertainment watched in theatres has been traditionally cinematic, but with the arrival of platforms such as Netflix, Amazon Prime Video, and locally based services like Aha, content consumption, distribution, and audience interaction have seen a paradigm shift. This article attempts to explore how OTT platforms have been transforming the South Indian Telugu film marketplace, how they have shattered traditional revenue-sharing models, and their impact on storytelling and audience consumption.

1.1 Evolution of Telugu Cinema: A Historical Overview

The Telugu film industry, also known as Tollywood, traces its origins to 1921 (Bhishma Pratigna), a silent film produced by Ragupathi Venkaiah Naidu (Reddy, 2016). Over the past hundred years, Telugu cinema has evolved dramatically, blending mass entertainment, heroism, social issues, music, and dance into a distinct cultural force.

Early Era (1920s-1940s)

The earliest Telugu movies were majorly mythological, which reflect cultural and religious narratives.

Golden Age (1950s-1970s)

This era was seen as the emergence of cult-like status of stars such as NTR (Nandamuri Taraka Rama Rao), ANR (Akkineni Nageswar Rao) and directors such as B.N. Reddy and K. Vishwanth. This period saw a rise in experimentation with film techniques blending mythology and innovative storytelling; this also saw the integration of music and dance into the films. This was a blend of everyday problems alongside

mythological storylines in contrast to the earlier era from 1900 to the 1930s, where only mythological films were produced (Reddy, 2016).

Commercial Boom (1980s-1990s)

The 1980s and 1990s saw the rise of true relatability between the audience and the movies. The rise of stars like Chiranjeevi, who redefined stardom with dance, mass dialogues and action (Srinivas, 2009). Although the films came up with socially relevant concepts and saw the introduction of colour to the big screen (Kavirayani 2018). This era saw the development of formulaic commercial elements, but experimenting with a wider variety of genres was the true initial evolution of Telugu cinema.

New Wave (2000s-2010s)

The 2000s saw the greatest cultural change as Tollywood expanded its reach, its appeal and experimentation and innovation. SS Rajamouli, Sukumar, Trivikram Srinivas and Puri Jagannath introduced new genres and technical finesse. This was also the time producers expressed a major financial gain as the Telugu film industry's reach had expanded. It was the first 100 crores movie (12.5 million US dollars) with Maghadeera, directed by SS Rajamouli, produced by Allu Aravind and starring the young actor Ram Charan (The Hindu, The Economic Times 2009).

Pan India Dominance (2015- Present)-

The mid-2010s have revolutionised Indian cinema with pan-India blockbusters. Baahubali (2015-2017), starring Prabhas and Rana Daggubati and directed by SS Rajamouli, became the highest-grossing movie of its time. Followed by the sequel that broke its record and cemented Telugu cinema's place in the Film industry. SS Rajamouli broke another record with RRR, starring Jr NTR and Ram Charan, by breaking boundaries and boosting the global appeal of Indian cinema by winning the Golden Globes and Oscars for the song Naatu Naatu (The Guardian, 2023). The current age of cinema is Pan-India, where filmmakers are trying to make cinemas that appeal to the entire country, like Pushpa and Pushpa-2, that has significantly higher earnings in other languages along with Telugu. This era also saw an improvement in VFX and the recognition of technicians.

Beyond Cinema

Telugu stars have long influenced politics. NTR became Andhra Pradesh's first non-Congress Chief Minister, while Chiranjeevi and Pawan Kalyan transitioned into Union Minister and Deputy CM, respectively. (Srinivas 2013)

1.2 Brief history of OTT

The idea of Over-the-Top (OTT) media started to gain more interest from the late 2000s onward, which is made possible with the increased popularity of broadband Internet. The concept of "over-the-top" describes content that transmits directly to consumers over the internet, avoiding traditional cable or satellite services (Lotz, 2022). The early pioneers included Netflix when it pivoted from being a DVD rental business in 2007 into a streaming service, and YouTube, which was established in 2005 as a platform for user-generated content (Cunningham & Craig, 2019).

OTT space achieved its breakthrough after a few major events:

Infrastructure Growth: Superior broadband speeds (4G/LTE and soon 5G) facilitated high-definition video streaming (Goggin, 2020)

Content licensing: Platforms acquired rights to popular TV shows and movies (Tryon, 2015).

Original Production: The Netflix series House of Cards (2013) began the exclusive OTT trend (Jenner, 2018)

The 2020-2022 COVID-19 pandemic pushed OTT usage globally, with some countries experiencing a 60 per cent uptick in streaming hours (Statista, 2023). Today, the OTT landscape includes:

- Subscription-based services (Netflix, Disney+)
- Ad-supported platforms (YouTube, Pluto TV)
- Mixed models (Hulu, HBO Max) (Lotz, 2022)

Tollywood is deeply woven with the cultural and economic fabric of the Telugu people, serving as both social commentary and entertainment while generating substantial revenue. It provides an affordable, entertaining medium to forget everyday struggles or a socially relatable medium that can be used to make the audience feel a shared burden. Another reason why cinema is so culturally important is reliability. Even an unrelatable story has relatable emotions. Cinema also has a very significant impact on the economy of the Telugu regions and India.

Tollywood generates a great amount of jobs annually, contributing significantly to the provision of jobs directly and indirectly, comprising but not limited to set workers, transportation, tourism, production staff, publicity teams, junior artists, stylists, VFX designers and the Music industry. Establishments like Ramoji Film City generate a significant amount of revenue annually locally from film shoots. Telugu cinema also supports several ancillary industries and politically influences the dynamic in the region.

Telugu film has been a cultural heartbeat and economic dynamo for a while, but with the OTTs in the picture, the game has changed. This paper analyses the impact streaming services have had on consumer habits, which have prompted production houses to rethink their distribution model and content strategy. Focusing on the response of the Telugu film industry to digital disruption, this paper explores the changing market dynamics that the meteoric ascendance of OTT platforms has evolved, from a shifting of revenue sources to alterations in consumer consumption in the post-pandemic media ecosystem.

2.0 Literature Review

The evolution of Telugu cinema through the decades presents a dramatic pattern of change -- socially, technologically and commercially. This development toward a realistic portrayal has been followed by scholars from its mythological beginnings through stories of daily life and social concerns. Reddy (2021) discusses how Telugu cinema began to change thematically to cater for increasingly changing audience tastes, which combined fantasy with contemporary issues.

Mass heroes, particularly Chiranjeevi in the 1980s and 1990s, had become a defining factor in the change of the face of Telugu film culture. Sharma and Lulandala (2022) focus on the role of these star figures in cult-like worship, which barely stopped at the screen walls and spilt out into politics and public power. Their persona established a blueprint for high-voltage, dance-filled and emotion-heavy cinema which would cater to all sections of society.

Srinivas (2009) observes that the 2000s marked the beginning of the modern era of Tollywood, with more advanced production values and high-budget action films, which sharply contrasted with the 1990s' trend of low-budget production. This phase opened up the "Pan-India" concept in Telugu cinema, wherein the films were promoted beyond linguistic barriers. The release of the movie series "Baahubali" by S.S. Rajamouli was the first global hit for the industry (The Indian Express, 2015). This momentum carried on through RRR, which won international accolades and awards, putting Telugu cinema at the heart of global Indian storytelling (The Guardian, 2023).

Parallel to this growth of cinema, OTT was also working its way up to reform traditional content consumption and creation. Wayne (2018) identifies the mid-2010s as an inflexion point, when OTT

platforms gained traction in India, giving viewers more and better choices and personalised content. Sharma & Lulandala (2022) in support of this claim state how OTT platforms made a breakthrough because of multilingual content, exclusive content, low cost, availability and due to the reason for it, the existence of old conceptual swimming films was put down on paper in the spectacular movies.

The influence of Telugu cinema, as well as OTT, has gone beyond entertainment and is making significant cultural and economic contributions. The unprecedented frenzy in Tollywood is said to be the result of mirror neurons, which help people emotionally respond to the plight of heroes on screen (Mirror Neurons and Film Studies Missing Information, n.d.). And, economically, the Telugu film industry is now a billion-dollar industry. The projected market value of the industry is now on the rise, with its revenue from theatre and satellite rights as well as its digital rights only increasing (Natarajan, 2024). Ramoji Film City, the largest film studio complex in the world, has contributed to this growth in infrastructure terms (Economic Times, n.d.).

These films collectively reveal the ongoing tension between tradition and technology, audience and industry, rendering Telugu cinema a heuristic example of how digital disruption is unfolding in regional Indian cinemas.

3.0 Understanding Tollywood

3.1 What is Tollywood?

Tollywood refers to the Telugu film industry based in Hyderabad, with a history spanning over 100 years (Sumanth, 2014). It is known for its larger-than-life screen presence, dynamic acting styles and larger than life screen presence. It also excels in delivering grounded narratives with relatable emotions, striking a balance between mass entertainment and artistic depth (Gajjar, 2023).

Unlike other regional, national or international film industries, Tollywood is distinctive in blending mass appeal with relatable social themes. Its movies often revolve around heroic characters and charismatic stars, which creates a cinematic experience that is both emotionally resonant and epic. (Libbey, 2024; Venkata Naga, 2022).

The industry is driven by a mix of iconic stars, visionary directors, and powerful production houses.

The current top actors in Tollywood who have massive fan pull all over India and Telugu speaking regions and opening day box office numbers include, Allu Arjun (Comedic roles entertaining energy and versatility as an actor along with dance), Ram Charan (Intense Screen Presence and subtle acting prowess), Prabhas (His effortless screen presence, swag and script choices and humble image), Mahesh babu (His Good looks and style and sarcasm), Jr NTR (Versatility between Mass and Class roles and dance) and Pawan Kalyan (Rebellious body language and Cult following) (Maheshwari, 2024). Alongside the legendary and celebrated actors such as Chiranjeevi, Balakrishna, Nagarjuna, Venkatesh, ANR, NTR and Krishna have shaped the legacy of the industry, while actors like Nani and Ravi Teja continue to contribute significantly. (Mouli, 2024).

Directors too play an equally significant role in Tollywood's success, SS Rajamouli known for his grandeur and visual screen play and storytelling (Baahubali, RRR), Sukumar's Intelligent Storytelling and Raw Characters (Pushpa), Trivikram Srinivas's Witty Dialogues and script (Ala Vaikunthapurramuloo) and Sandeep Reddy Vanga for his emotionally intense and character driven stories (Arjun Reddy) (Telugu Cinema, 2022)

The industry has also been shaped by classic filmmakers like K. Vishwanath and Dasari Narayan Rao, as well as contemporary directors such as Puri Jagannadh, Boyapati Srinivas and Koratala Siva. (Radhika,

2016).

Production houses form the backbone of Tollywood's creative and financial ecosystem. Leading studios include

1. Mythri Movie Makers (known for Pushpa and Rangasthalam)
2. Geetha Arts (Known for Magadheera, Ghajini and Ala Vaikunta Puramuloo)
3. Sithara/Harikaa Haasani entertainments (Known for hits like Arvinda Sametha, Julai Atarinitki Daredi)
4. Vyjayanthi (Known for movies like Yevade Subramanyam, Kalki 2898 A.D, and Indra) (NetTV4u, 2024)

An interesting trend is the unofficial partnerships between certain directors and production houses, for instance, Trivikram with Harika & Haasine, or Sukumar with Mythri Movie Makers (IndiaGlitz, 2024)

3.2 Tollywood Revenue System

The early days of Tollywood functioned with a theatre-led revenue model; this is the place where the production budget of a film would mostly be realised through the pre-sold theatrical rights (Kamesh, 2010). Distributors bought regional rights and divided profits with exhibitors. (Hans India, 2025). This model was highly risky as the investments were made without any data-driven insights, and piracy ate into the revenue further (Kamesh, 2010; Telugu360, 2023).

Generally, 70 to 80% cost of the film was recovered from this, along with another chunk which came from music and satellite rights based on box office sales (Jha, 2023).

Since 2010, the Telugu movie industry has switched to a hybrid revenue model, combining the income coming from satellite rights, OTT platforms, and theatrical distribution (Jha, 2023). India has now transitioned to a system where theatres contribute only 40–50% towards the total recovery of a film, and OTT rights are crucial (Telugu360, 2023). With the advent of platforms like Netflix, Amazon Prime, and Aha, a new revenue stream was available, and films were no longer dependent solely on box office collections.

The OTT platforms, as is the case with satellite and music rights (especially for the films with popular stars or composers), make up 15–30% of the film budget (Jha, 2023) and are in addition to revenues earned pre-release. Such a phenomenon has helped the industry to take risks with small and unconventional films and recover partially before theatrical release (Telugu360, 2023).

However, this model also presents trade-offs. While it minimises financial risk, production houses may lose potential upside in the case of a blockbuster, as OTT releases can reduce theatrical footfall (Jha, 2023). Nonetheless, with better legal access, piracy has declined, and content reach has widened significantly.

4.0 Understanding OTT

Over-the-top (OTT) platforms have significantly transformed the global media and entertainment landscape, particularly post-COVID. These platforms provide direct-to-consumer content delivery, bypassing traditional distribution models such as Cable and Satellite Television. They offer on-demand content and multi-device accessibility that has reshaped consumers' behaviours.

4.1 Revenue Models

Subscription-based, Monthly, Yearly fees (SVOD)

Under this model, viewers pay a monthly or annual fee to access the platform's content archive. Popular platforms like Netflix, Hulu, JioCinema, Amazon Prime Video, as well as others across the board, seem

to use this model. Availability of content to subscribers. Streamers fixate on the SVOD model because it offers stable revenue, growth potential and subscriber durability, as long as the programming is good. But sustained competitive threats include high content acquisition costs and user churn. For example, Netflix had 277.65 million paid memberships worldwide in 2024 (Krouse, 2024).

Advertising-Based Model (AVOD: Advertising video on demand)

AVOD platforms are free or low-cost, ad-supported content platforms. This is the model used by platforms without all-you-can-eat options like YouTube, Tubi, and Pluto TV. AVOD players use viewership data for targeted advertising, which drives monetisation. Examples are YouTube, Tubi and Pluto TV. The broad accessibility and ability to attract price-sensitive users. However, the disadvantages are Ad fatigue by viewers and competitive ad budgets. (Grant, 2024)

Transactional Model(TVOD)

TVOD consists of paying for content on an ad-hoc basis — to rent or buy movies or episodes. This is usually used for new releases and other premium content. This model is also used by platforms such as Apple TV and Amazon Prime Video for theatrical releases. Although TVOD has high profit margins per transaction, it is less likely to be repurchased and more vulnerable to piracy (Newman, 2023).

Many OTT providers follow a hybrid approach by using an amalgamation of revenues to serve their respective markets. For example, Hulu runs on both AVOD (for basic consumers) and SVOD (pay me now) models, keeping all options open and driving potential profits..

4.2 Content Strategies in OTT Platforms: Original Production vs Acquired Content

Over -the -top (OTT) platforms employ two primary content strategies: original productions (exclusive content created for the platform) and acquired content (licensed films and shows from external sources) (Kumari, 2020). Both approaches serve different purposes in subscriber acquisition and subscriber retention, with their advantages and limitations(Jain,2021). This section analyses their strategic roles, benefits and challenges in the competitive OTT landscape.

4.2.1 Purchased Content: Pros and Applications

Acquired content: Already existing movies/TV productions/theatrical releases licensed by the OTT platforms (Sjöblom, 2020). Think of it like those blockbuster movies you watched on Netflix’s Guntur Kaaram or Amazon Prime Video’s Baahubali.

Advantages:

- **Reduced Production Risk:** Platforms bypass investment costs and the risk of producing content that is not successful (Kumari, 2020).
- **Instant growth in a catalogue:** By licensing attractive content promptly, the platforms can diversify their library rapidly (Jain, 2021).
- **Wide-Spread Target Audience:** Silver screens have dependencies on the availability of familiar content, which gains subscribers, particularly with a strong regional cinema industry (e.g., Tollywood on Netflix) (Kumari, 2020).

Limitations:

- **Erosion of exclusivity:** If an exclusive piece of content is available on an alternate platform, the competitive edge gets watered down (Sjöblom, 2020).
- **Cost of Licensing is also High:** High-cost licensing (for premium titles such as blockbusters) is formerly imposed (Jain, 2021).

4.2.2 Benefits and Use-Cases of Original Productions

Content is developed or licensed specifically for an OTT service; for example, Sacred Games on Netflix or The Mandalorian on Disney+.

Advantages:

- **Exclusivity:** Original content is not available anywhere else, and keeps your subscribers loyal (Sjöblom, 2020).
- **Brand Identification:** Distinctive content allows platforms to differentiate themselves in a competitive environment (Jain, 2021).
- **Value over time:** On success, originals become long-term value generators as they mature into library content that supports steady subscriber usage (Kumari, 2020).

Limitations:

- **High Stakes and High Costs:** Large production budgets; and if it fails, extremely high losses may occur (Sjöblom, 2020).
- **Long Lead Time:** Quality Originals takes years from conception to production (Jain, 2021).
- **Strategic Balance:** Hybrid Approaches

The typical business model for most of the popular OTTs like Netflix, Amazon Prime, and Jio Hotstar is hybrid:

Streaming services like Netflix provide a mix of licensed hits (i.e., Friends) and originals (i.e., The Crown) to manage the trade-off between attractiveness and exclusivity (Sjöblom, 2020).

Jio Hotstar has been making good use of its huge library of acquired titles (Marvel, Star Wars, Game of Thrones) and has also been pumping a fair amount of money into originals (Loki, Special Ops) (Jain, 2021).

Key Insight: Acquired content captures new subscribers; originals keep them (Kumari, 2020).

5.0 Comparison of Revenue Models

5.1. Primary Revenue Sources

- **Theatrical Release-** The primary income source here is Box-office collections, where revenue depends on ticket sales. (The Hindu BusinessLine, 2020)
- **OTT- Release-** The primary revenue system here is subscription fees (SVOD) from users, providing recurring income. (Shalparni et al., 2022)

5.2 Secondary Revenue Sources-

- **Theatrical Releases-** Secondary income comes from digital rights sold to OTT platforms and satellite rights sold to TV channels. (Varghese & Chinnaiah, 2021).
- **OTT -Secondary income** generated through advertisements.

5.3 Advantages and Disadvantages

Aspect	Theatrical Release	OTT Release
Risk Factor	High(depends on box office success)	Low(Steady Subscription Revenue)
Profit Potential	High(if the film is a hit)	Moderate(spread over time)
Revenue Stability	Unpredictable(flops lead to	Stable(recurring subscriptions)

	losses)	
Market Reach	Limited to theatres	Global

5.4 Geographical Reach

OTT platforms focus on a global customer base that is again segregated by region. For example, Netflix may display more Indian shows if a viewer is viewing it from India. This allows OTT platforms a much broader reach and focus.

On the other hand, Telugu films have a regional focus on the Telugu-speaking states and India. However, there are a few Telugu movies that are also internationally acclaimed, as Tollywood is capturing international markets by becoming globalised and generalised, but instead holding a regional focus that attracts the attention of foreign viewers.

OTT offers the comfort of viewing anywhere and on multiple devices and is not limited to theatres. Allowing for more viewership and more convenience, as it allows for more options.

However, theatre viewing is also a socialising event and an exclusive experience with big screen size, better immersive audio and the experience of watching with other people. Hence, theatres have their exclusivity.

5.5 The costs of OTT

The subscription costs are significantly lower in total for the annual plan than 10 theatre visits. Netflix has subscriptions from 1499-7,788 rupees (149 per month in the basic plan). On the other hand, theatre pricing is usually between 70-500 rupees in single screens and from 300-350 rupees in multiplexes, with premium formats such as IMAX, 4DX commanding even higher prices. (Dundoo, 2025).

This price difference creates a compelling value proposition for consumers, particularly for the viewers who are regular on the OTT. The fixed cost of an OTT subscription, which provides unlimited access to various content, is lower than that of theatre visits, which require repeated expenditure for each new film. However, it's worth noting that theatrical releases maintain an advantage in terms of premium viewing experience.

6.0 Content Creation and distribution

OTT platforms have brought in massive changes in the field of content creation and distribution. This section contrasts traditional theatrical release with digital streaming platforms and the implications they have for creative possibilities, risk, audience engagement, and distribution strategies.

6.1 Creative Opportunities and Risk Assessment

Big-budget (or mainstream films, in particular) predominantly rely on established actors and directors to cash in at the box office (Jothin Suria, 2024). That star-driven model is one of financial predictability, but also one that isn't particularly welcoming to new talent. On the other hand, OTT platforms provide more freedom and scope for experimentation, with the result that new actors, directors and technicians can showcase their work (Jothin Suria, 2024). OTTs also provide more creative freedom and greater experimentation, as financial risk is quite low.

OTTs offer a less risky, lower-return model, whereas big-ticket theatrical films have a high-risk, high-return equation. And if a theatrical release does succeed, with a major star or based on a hit franchise, the profit margins can be much fatter than OTT-only debuts. OTT offer more than just films; they also offer documentaries, web series, short features and so on and cover a wide range of subjects as per one's interest.

Immersive experience with preferred quality content. With so many choices in OTT platforms, the theatre-going experience as a demand for social outing with booming sound and large-scale viewership is incomparable (Jothin Suria 2024).

OTT players get the advantage of instant digital releases and direct-to-consumer delivery with no lag, and a wider reach as well. Whereas theatrical movies are released in phases. First in theatres, and then on OTT after a few weeks or months. However, doing so can undercut the uniqueness of theatrical releases if fans decide to hold out for the digital debut. On the other hand, films that release exclusively on the OTT platforms preserve their singularity on that platform.

While simultaneous theatrical and OTT releasing isn't common in Tollywood, it has been attempted in other film industries; however, it has the potential to heavily damage the collections at the box office. But, in Andhra Pradesh and Telangana, the passionate fan culture, cultural connect and the celebratory experience of watching a film — more so in the case of mass stars — under a darkened roof means cinemas remain galvanised. The emotional connect, fandom and festival atmosphere of theatres are still pulling the Telugu masses to it, despite rising OTT penetration. (Jothin Suria, 2024)

7.0 Industry Transformation

The COVID-19 pandemic acted as a catalyst for major transformation in the Telugu industry, in terms of the distribution of content and audience engagement, as it depends on exhibitors and marketplaces. However, with theatres closed all over the world, several small and mid-budget Telugu films chose to go for direct OTT instead of a theatrical release. Middle Class Melodies and Cinema Bandi also took the over-the-top (OTT) route altogether and released on OTT platforms (Cinema Express, 2020; The News Minute, 2020). This move was not only financially safer for producers but also brought a natural digital footprint to the global outreach of Telugu cinema (The News Minute, 2020).

OTT platforms provided a relatively lower risk alternative for the producers as they allowed the algorithms of the OTT and the right audience to ensure that marketing budgets need not be spent for films that have opened with stars and budgets lower than most others with various stars. As a result, independent film and other creative projects are more visible. Hybrid options were tested, such as shorter theatrical windows and an OTT drop, but this was opposed by the theatre owners. For example, movies like Drushyam 2 starring Venkatesh were released on OTT, creating concerns for exhibitors (Silverscreen India, 2021).

Also, the OTT surge made web series like Unheard and Save the Tiger flourish, giving room to actors and directors who were often lost in star-driven theatrical cinema. In stark contrast to traditional commercial genres, OTT also grabbed social, political, historical, and mythological topics, in turn, and a relatively longer format and robust character arcs (Dundoo, 2021). The flood of OTT releases also allowed film rights to be pre-sold, ensuring producers received some revenue in advance; however, some commentators purported that this brought about satellite television income. (TeluguTone, 2024)

Actors like Satyadev emerged as OTT stars by embracing character-driven, naturalistic roles. (Dundoo, 2021). Well-known production companies, like Suresh Productions and Geetha Arts, also launched their own OTT divisions to make their presence felt in digital (Silverscreen India, 2021). The launch of the Aha, an OTT streaming platform in Telugu, gave Geetha Arts content decision-making power and direct access to the audience (The Hindu BusinessLine, 2022). Aha used movie star power, such as 'Unstoppable' hosted by Nandamuri Balakrishna, to enhance its user base (Financial Express, 2023). Consequently, Aha and the explosive growth of Telugu web series: Post-COVID, the Aha platform achieved a major boost, garnering 2.5 million paid subscribers and 40 million users (LiveMint, 2024).

The digital revolution changed the dynamics of stakeholders in the industry. It represented an additional revenue stream for producers, but also at the expense of diminished earnings at the box office and profit-sharing disputes with exhibitors. The transition also realigned risk perceptions — A public that had grown used to brash content on the internet expected to be able to get the safer, formulaic stuff in theatres. There are exceptions, such as Kantara and Court – The State vs A Nobody, to prove that theatre success with offbeat content is still possible, but rare.

Directors had creative freedom, minimal censorship and extended runtimes on OTT, leading to the opportunity to tell a nuanced story. But it also made it less likely that new directors were going to be handed large theatrical budgets. For actors, OTT was a place where they could experiment with genres, play shades and revive careers, as evident in Venkatesh's edgy role in the recently shot Rana Naidu (The Indian Express, 2023)

8.0 Challenges and Opportunities for Tollywood

8.1 Challenges for Tollywood

The future of the Telugu film industry (Tollywood) is grappling with numerous roadblocks in an entertainment ecosystem that is fast changing. There are major changes in the behaviour of the audience: younger viewers are watching a lot online, as opposed to in traditional cinemas. The current generation prefers shorter time and episodic formats, as a result of which the 2.5–3.5-hour Telugu film format runs less appeal (Tiwarly, 2024). To stay relevant, the Telugu film industry must adopt tight pacing and dynamic storytelling insights to lure the audience.

Competition has further increased with the emergence of global OTT platforms. Due to the increased exposure of the masses in India to international quality movies and web series, the Tollywood industry is also raising its production standards. Yet, at the same time, the industry needs to preserve its regional identity — the language, the culture and the stories that come out of Andhra Pradesh and Telangana — even as it needs to aspire to go global and reach out to newer markets.

Tollywood also need to innovate its revenue models. Some movies, like RRR, have adopted strategies such as pre-selling rights to platforms like Netflix to decrease the financial risk, which demonstrates alternative approaches to recoup the budget of the movie.

8.2 Challenges for Over- The- Top (OTT) Platforms

OTT Platforms: Unique challenges in India for OTT platforms

- Content Localisation -Creating original regional content demands a very deep cultural understanding that data can't entirely predict at times. As Tiwarly (2024) points out, 'Data analytics is not sufficient for authenticity' and therefore requires partnerships between the local creatives.
- Theatrical Competition- Even as OTT uptake grows, India's cinema revenues hit ₹12,419 crores in 2023, affirming theatres as a cultural power permanence for mass viewing experiences.
- Hybrid Model Tensions-Simultaneous releases dilute the distinctive propositions of both platforms – OTT's exclusivity and the viewers' immersive experience (Chalaby, 2024)
- Subscription Fatigue- As many global (Netflix, Amazon Prime) and local (Aha) players fight, consumers may stop these services; there is a potential to carry a bundled pack.

8.3 Global Reach and Opportunities through OTT

OTT platforms, as ZEE5 and Aha, have increased the global audience of Tollywood, especially among the Telugu diaspora in the United States and Europe. This will not only serve as a force multiplier for Telugu cinema's reach, but it will also aid in the propagation of Telugu culture globally. (Tiwarly, 2024)

Lower financial risk of OTT releases has allowed filmmakers to experiment with new formats and themes, such as subjects that might be considered anti-establishment or provocative and would have been censored on traditional broadcasts. OTT platforms provide artists with a free hand, and that's why we can make stories, documentaries and genre-less cinema. This means OTT services today are now plugging these creative and narrative gaps left by traditional commercial cinema, as commercial film serves scale, star power and theatrical experience collectively, thereby easing the complementary existence of the two formats together (Chalaby, 2024).

9.0 Future Trajectory

Over the next few years, changing consumer preferences and technological advancements are expected to reshape the Tollywood. The following are ways OTT and Tollywood can coexist.

- **Parallel Format:** While theatrical releases will not lose their sheen, especially in the case of big-budget films with the cinematic experience being their selling proposition, OTT will only continue to grow, such as Ahais becoming popular among the local audience.
- **Technological Innovations:** New technologies such as machine-driven personalisation and VR will transform how content is produced and consumed, with increasingly immersive viewing experiences (Chalaby, 2024).
- **Changing Consumption Trends:** The younger, mobile-first generation will see an increasing demand for affordable bundled subscription models to combat platform fatigue (Deloitte India 2025)
- **Regulatory Evolution:** The OTT space soon will be disrupted with the advent of new digital regulations in India; to keep the edge in the Telugu entertainment market, OTTs will need to transform their content strategy (The Economic Times, 2025).

Conclusion

With the rise of OTT platforms, has redefined the way Telugu cinema has been redefined. Even though the ease and convenience, coupled with the economy, of digital streaming, its limitless scope for different kinds of stories is one thing, there is also something deeply emotional and cultural in the theatrical experience. Both formats have their exclusive purposes- OTT fulfils the need of personalised viewing, and theatres thrive on collective experience and framing. The real challenge of the future of Telugu cinema will be to strike a balancing act between these two formats, to make sure stories of every nook and corner reach out to a broader range of audience, without handicapping art or depth. More investment in digital infrastructure, regional content creation, and audience engagement would be necessary to keep this dynamic ecosystem alive.

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