VIDEO ON DEMAND IN EUROPE

A study by NPA Conseil

for the European Audiovisual Observatory and the Direction du Développement des médias (DDM – France)

OBSERVATOIRE EUROPÉEN DE L'AUDIOVISUEL
EUROPEAN AUDIOVISUAL OBSERVATORY
EUROPÄISCHE AUDIOVISUELLE INFORMATIONSSTELLE

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RÉPUBLIQUE FRANÇAISE
Premier ministre
Ministère de la Culture et de la Communication
Direction du développement des médias

CONTENT OF THE STUDY

- Technical delivery of the services
- Business models
- Analysis of regulatory issues
- Analysis of the development of VoD in 24 European countries
- Detailed description of 150 services
- Trends
- The issue of transparency

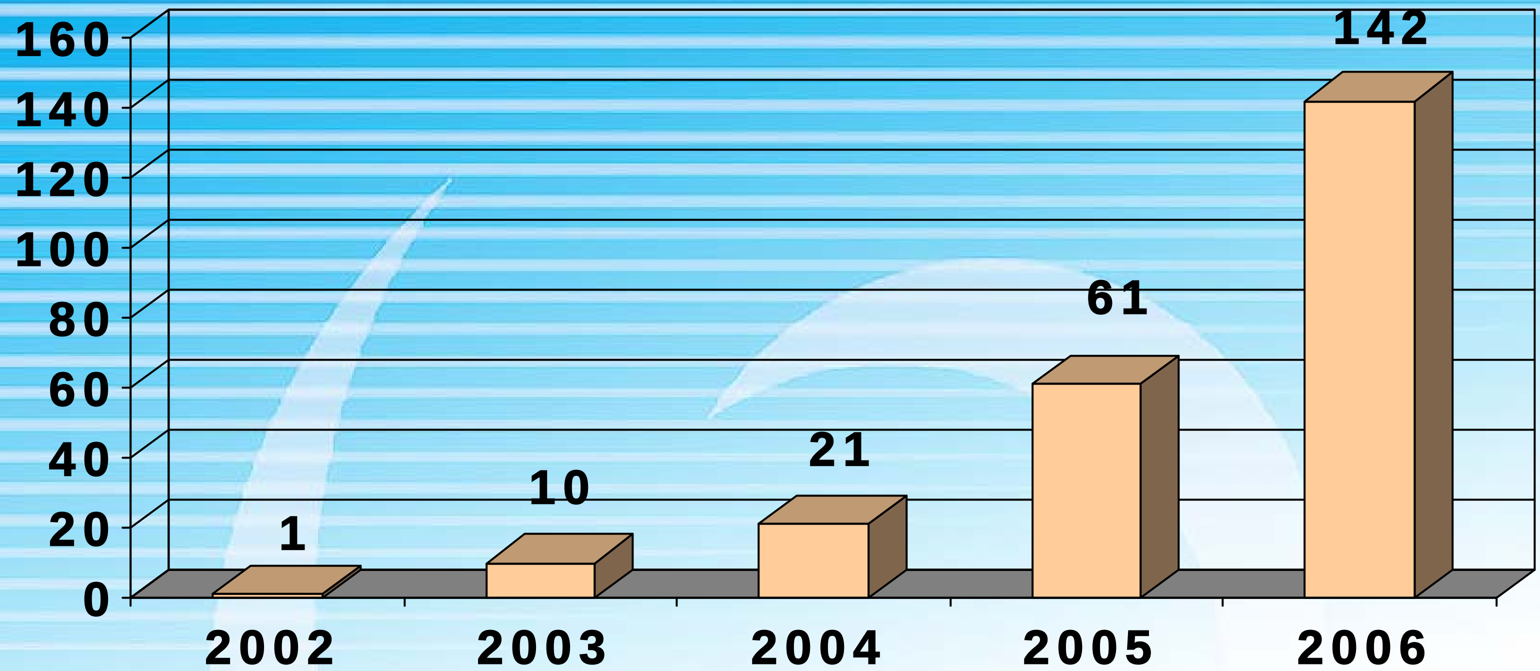
« Audiovisual Media Services »
DRAFT DIRECTIVE
(Consolidated Version March 9, 2007)

- "'on-demand service' (i.e. a non-linear audiovisual media service) means an audiovisual media service provided by a media service provider for the viewing of programmes at the moment chosen by the user and at his/her individual request on the basis of a catalogue of programmes selected by the media service provider".

PRINCIPLES FOR IDENTIFYING AND COUNTING PROVIDERS AND SERVICES

- Identification of providers: some difficulties (catalogue agregator / provider / distributor)
- Differences between service / offer / catalogue
- Services with only adult content or musical content have not been taken into consideration in the survey
- Same service marketed in various countries counted as different services

NUMBER OF PAYING VoD SERVICES IN 24 EUROPEAN COUNTRIES (2002-2006)

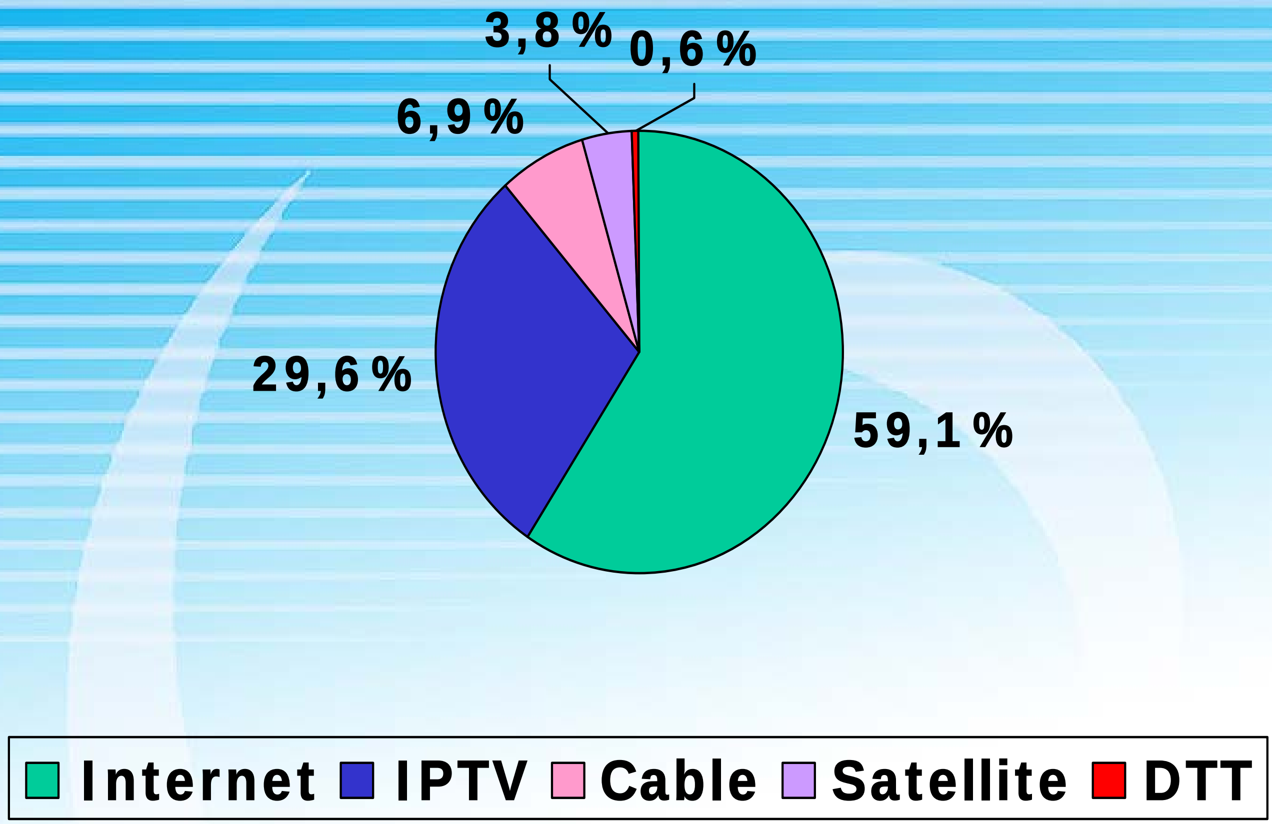


TECHNICAL DELIVERY OF VoD SERVICES

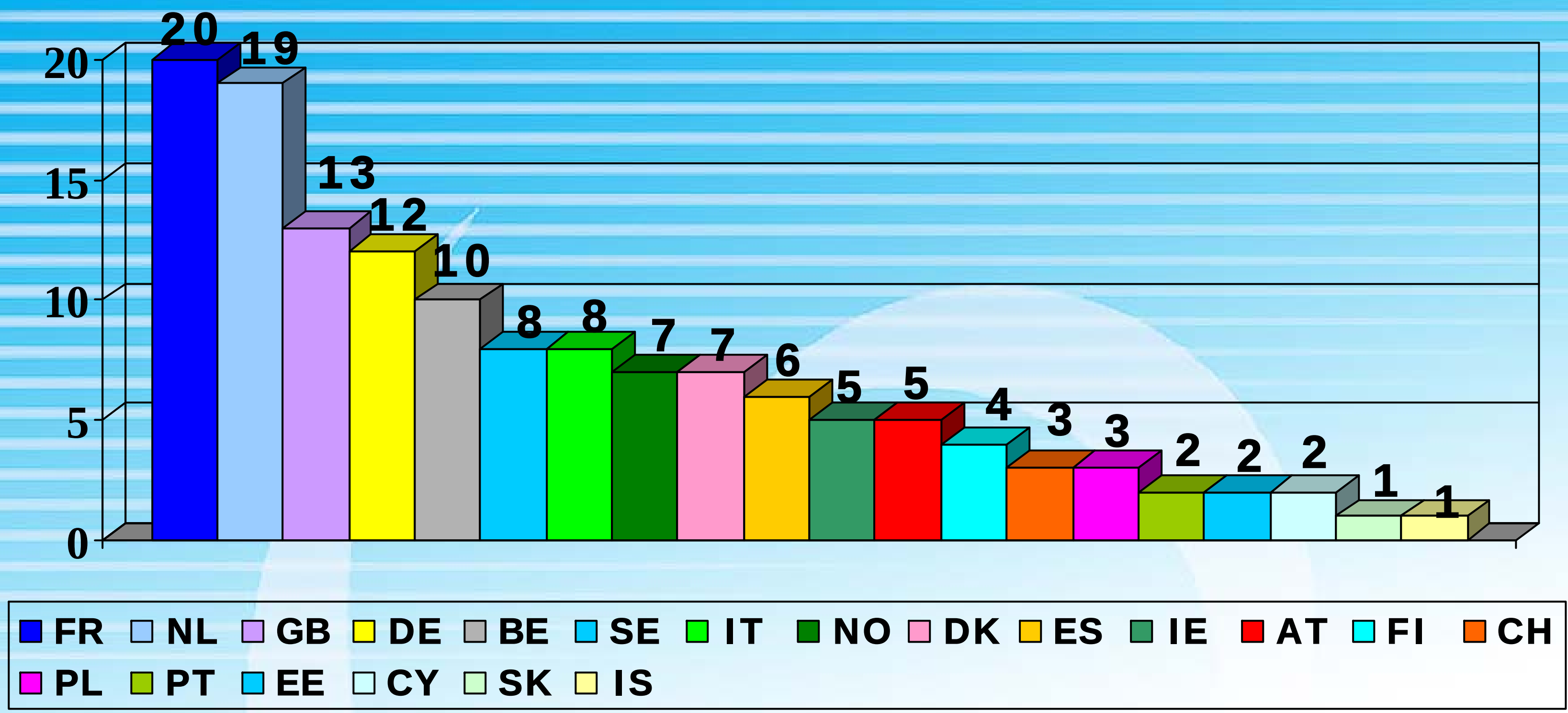
- VoD through the web (streaming or download) - to PC or TV set
- IPTV: VoD service included in a package of TV channels - to TV set or to PC
- Cable - to TV set
- Digital satellite transmission to PVR
- Digital terrestrial transmission to PVR

BREAKDOWN OF EUROPEAN VoD SERVICE BY DELIVERY (end 2006)

(A service provided on different networks is counted several times)



NUMBER OF VoD SERVICES BY COUNTRY (end 2006)



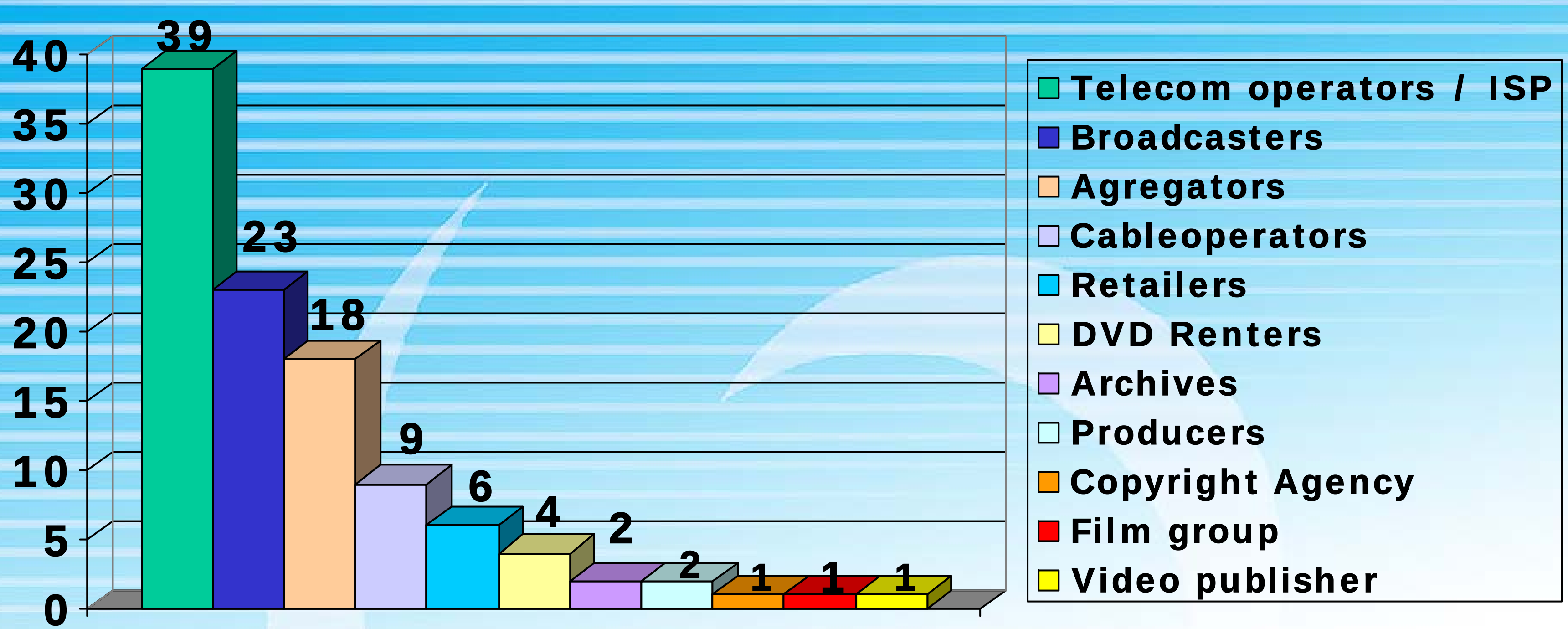
FACTORS OF DEVELOPMENT OF VoD

- **High level of development of broadband (FR, NL, DE)**
- **High level of development of DTH and digital cable (GB, ES)**
- **Role of agregators (e.g. OD Media in NL)**
- **Common area for film rights (Nordic countries)**

PROVIDERS OF VoD SERVICES

- *Telecom operators*: T-Online, France Telecom, Telecom Italia, Telefonica, BT, KPN,…
- *ISP*: Fastweb (IT), Arcor (DE), Tiscali
- *Cable operators*: Telenet, Virgin Media, ONO, Casema
- *Broadcasters*: Canal+, TPS, TF1, RAI, RTL Nederland, FT2, ARTE, M6, BBC, Premiere, ProSieben Sat1, Sky, Channel 4
- *Film group*: Svensk Filmindustri (Bonnier Group)
- *Film & TV archives*: NFI, INA
- *Video publisher*: Editions Montparnasse
- *Retailers*: Virgin, FNAC, Lovefilm, Glowria,
- *Agregators* : Cinezime, 4friends, Live Networks, Videonetwork, OD Media

OPERATORS OF VoD SERVICES IN EUROPE BY MAIN ACTIVITY (End 2006)



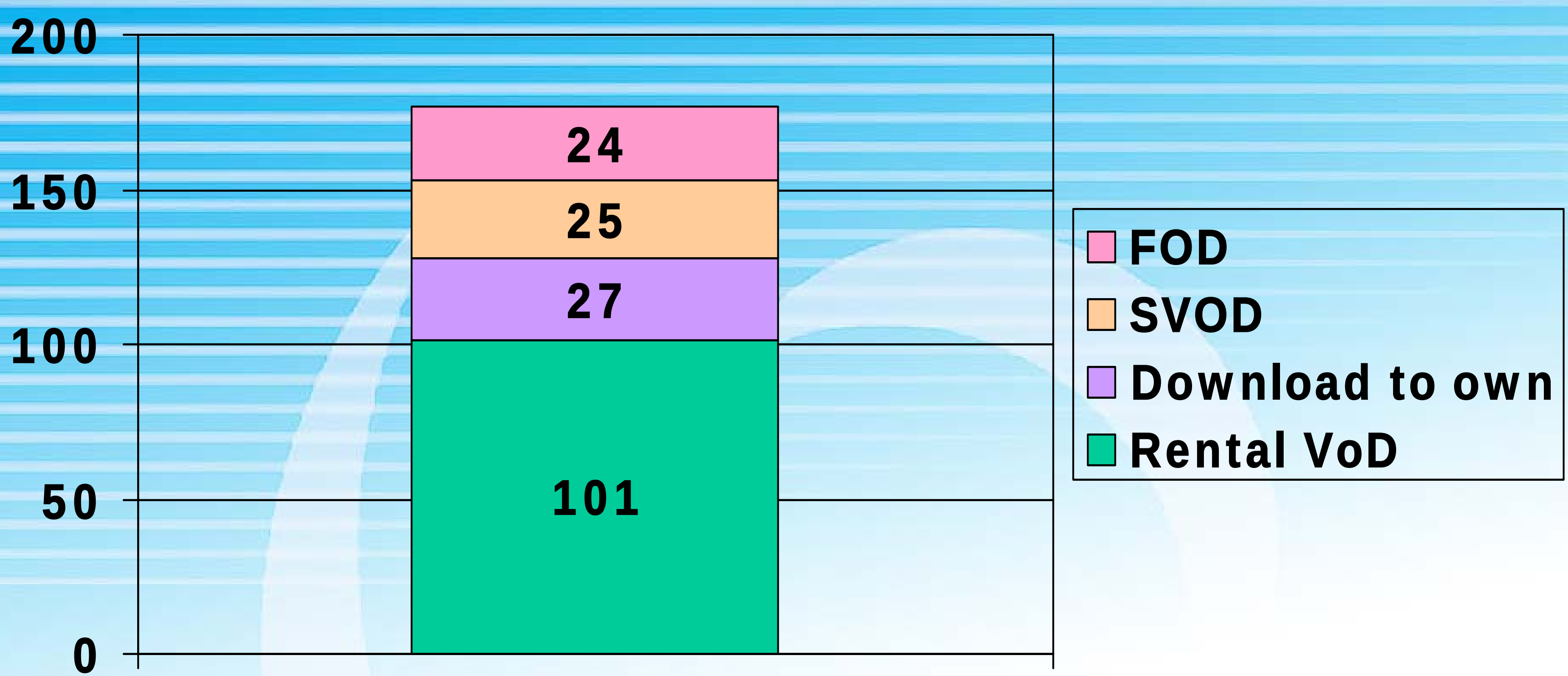
VARIOUS BUSINESS MODELS

- Rental (24 hours > 48 hours)
  - 1 title (1,5 to 6 EUR)
  - 1 pack (Credit system)
  - subscription (SvoD)

- Sale (“Download to own”)
  - Download to PC (5 to 15 EUR)
  - Download to burn (15 to 20 EUR)

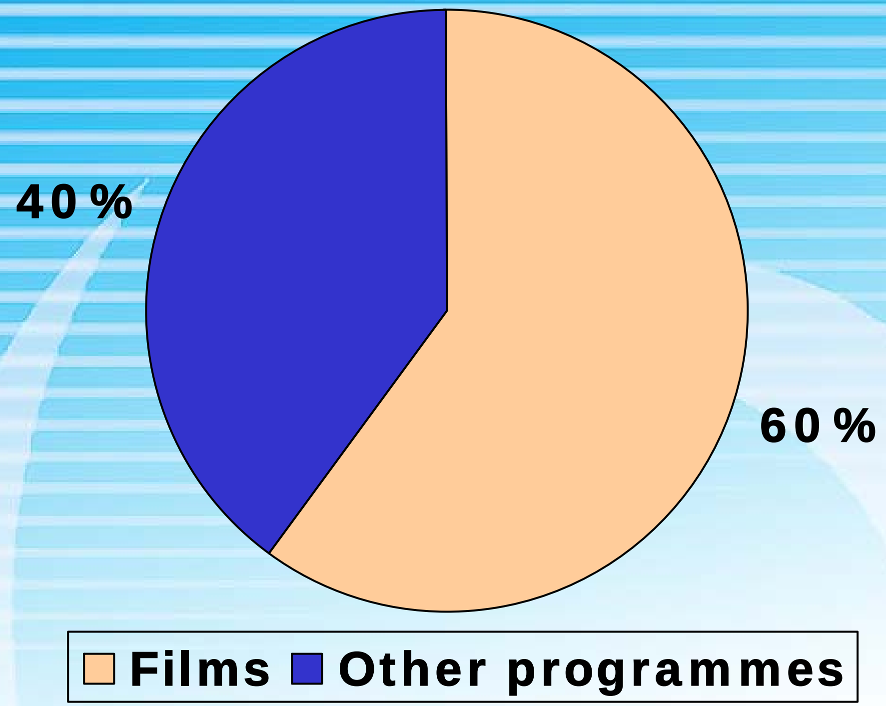
- Free with advertising (FoD)

NUMBER OF OFFERS ACCORDING TO BUSINESS MODELS (End 2006)



CONTENT OF THE VOD OFFERS OF EUROPEAN VoD SERVICES

(only for services which have made data available)



LEADING SERVICES BY NUMBER OF FILMS IN CATALOGUE (End 2006)

• CanalPlay (FR)	1 300
• TF1 Vision (FR)	ca 1 000
• Homechoice (GB)	1 000
• Free VoD (FR)	943
• VirginMega (FR)	750
• T-Online Vision (DE)	705
• SF – Anytime (SE / DK / NO)	ca 700
• CYTA (CY)	700
• Virgin Media (GB)	640
• Alice Home TV Movies (DE)	600
• Filmflex (GB)	600
• OD Media catalogue (NL)	500
• Film Arkivet (NO)	500
• Clix Smart TV (PT)	500
• In 2 Movies (DE / AT / CH)	470

IMPORTANCE OF VOD FOR THE FILM INDUSTRY

- VoD represents a new form of distribution of films, involving new players (telcos, cable-operators), consolidating the role of broadcasters and allowing opportunities for agregators, retailers, producers…
- In France, lively debate on the contribution of VoD operators and ISP to the financing of production – Apparently this debate is not yet on the agenda elsewhere in Europe, but discussed in the Draft Directive on Audiovisual Media Services

DRAFT AVMS DIRECTIVE ON PROMOTION OF EUROPEAN PRODUCTIONS

Article 3f(1)

« Member States shall ensure that on-demand services provided by media service providers under their jurisdiction promote, where practicable and by appropriate means, production of and access to European works. Such promotion could relate, inter alia,

- to the financial contribution made by such services to the production and rights acquisition of European works or

- to the share and/or prominence of European works in the catalogue of programmes proposed by the service. »

TREND TO REDUCE THE WINDOWS

- **No European common practice and no European detailed regulation**
- **Draft Directive AVMS *Article 3 f.2 « Member States shall ensure that media service providers under their jurisdiction do not transmit cinematographic works outside periods agreed with the rights holders. »***
- **Trend to reduce the window for Vod release (UK: from 90 to 60 days) – Disagreements in France**
- **Cases of « day to date » with video release in Nordic countries, Belgium, Switzerland.**

IMPACT OF VoD FOR THE TELEVISION INDUSTRY

- Challenging the schedule of programmes and audience practices
  - Longer exposure of programmes through « catch-up » TV
  - New segmentation of programmes with some programmes accessible only in VoD
- VoD and evolution of TV audience
  - Reduction of average viewing time in 18 European countries on 34 in 2005
  - Stronger impact on young peoples’ viewing time
  - Fragmentation of audiences
  - Challenge for audience measurement
- Potential value of VoD for advertising

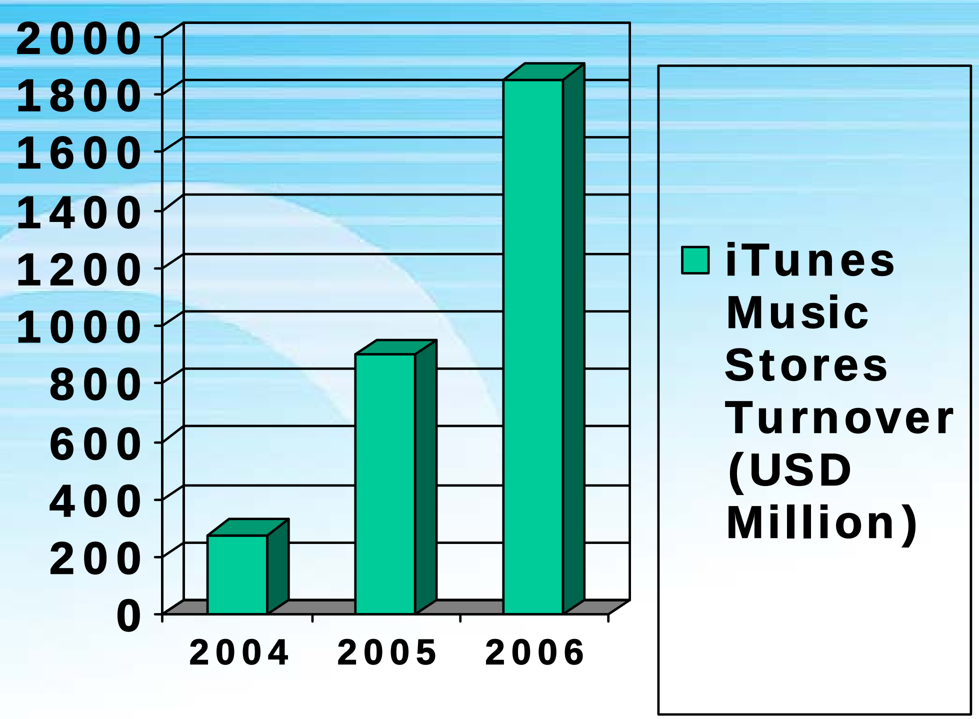
TOWARDS AN EUROPEAN VoD MARKET ?

GEOGRAPHICAL FLEXIBILITY OF VoD SERVICES

- **Services to PC may be restricted by territory (Geocode, IP address, credit card, subscriber number…) or accessible worldwide**
- **Services through IPTV related to the national territory of the ISP**
- **Agregators with Pan-European ambitions (e.g .CinemaNow, OD Media)**
- **Various services already exist with marketing in various countries : SF-Anytime, Live Network, Sky by Broadband, Sky Anytime,…**
- **Mainly national services with limited possibility of access in other countries**

iTUNES VIDEO STORES AS THE FIRST PAN-EUROPEAN VoD SERVICE ?

- September 2006 : launch in US (500 films, 350 TV shows)
- Pascal Cagni, DG Apple Europe : « service to be launched in Europe end 2007 » (*Les Echos*, 27 April 2007)
- Service probably established in Luxembourg as iTunes Music Stores



VoD AS A SOLUTION FOR THE CIRCULATION OF EUROPEAN FILMS ?

- Linguistic and cultural segmentation of the European market will continue

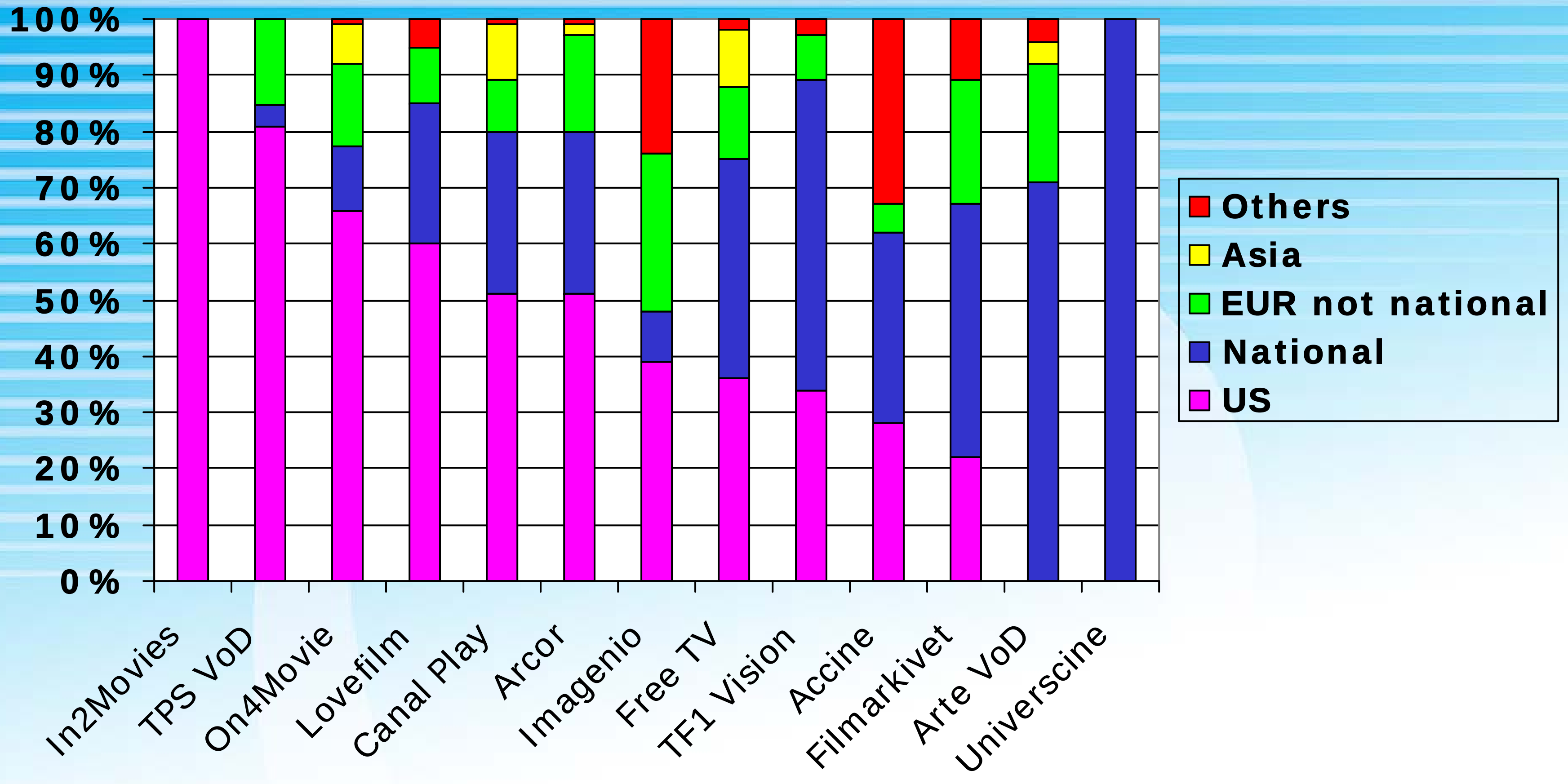
- There is currently no European film distributor with pan-European strategy and the capacity to purchase the VoD rights for the whole European market

- Problem of branding « European films »

- Risks of illusory technology-driven solutions to an anthropological problem

- Programmes proposed by MEDIA 2007 and Eurimages (support for the preparation of digital masters)

ORIGIN OF FILMS ON SOME VoD SERVICES IN EUROPE



A LONG TAIL FOR EUROPEAN FILMS ?

NEED FOR MORE TRANSPARENCY !

- **Data on the catalogues**
- **Data on the potential audience**
- **Data on the number of visits to VoD service home pages**
- **Data on the total number of downloads**
- **Data on the downloads of individual titles**
- **Data on the turnover of VoD activities**

http://www.obs.coe.int

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