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More than 150 video-on-demand services are operational in Europe

On the occasion of the Cannes International Film Market, the French Directorate for the Development of the Media (Direction du développement des médias - DDM) and the European Audiovisual Observatory are publishing a study on the development of video-on-demand (VoD) in 24 European countries. The study has been carried out by NPA Conseil.

The study analyses the various technical methods used for video-on-demand, the various economic models applied, the debate on regulation, and the place of video-on-demand in the cinematographic and audiovisual industry. A detailed analysis of about 150 services operational in 24 countries is provided.

More than 150 services operational in Europe

At the end of 2006, 142 pay services (excluding services devoted exclusively to music and services comprising solely programmes for adults) were operational in the 24 countries studied. If one adds to this the number of free access services, those which were set up at the beginning of 2007, and those which exist in countries not covered by the study, the number of services currently operational in Europe may be estimated as being more than 150. France, the Netherlands and the United Kingdom stand out as leaders in terms of the number of services on offer. Most of the services in Europe (94) can be accessed via the Internet and can therefore be viewed on a computer screen. Transmission using the broadband network, usually as part of an offer for the distribution of television channels in IPTV mode, constitutes the second most frequently used mode of distribution (47 services). In this case the programmes can be viewed on a television screen. As digital broadcasting by satellite and by terrestrial network does not permit a return pass, offers of video-on-demand are possible by storing the programmes on the user's digital recorder (PVR). The number of services of this type is still limited in Europe, but they are offered by two of the main digital television content aggregators (BSkyB's Sky Anytime service in the United Kingdom and Ireland and Premiere's Direkt Premiere + in Germany and Austria).

Number of services per country and breakdown by broadcasting networks (end of 2006)
Not including free services, video clip services, and services for adults.

		Total number of services (1)	Internet	IPTV	Cable	Satellite	Terrestrial digital television
10+ services	**France**	20	15	8			
	Netherlands	19	17	2			
	United Kingdom	13	6	3	3	1	1
	Germany	12	9	3		2	
5-10 services	**Belgium**	10	3	5	5		
	Sweden	8	6	5			
	Italy	8	5	3			
	Norway	7	6	2			
	Spain	6	2	3	1		
	Ireland	5	5			1	
	Denmark	7	4	2	1		
	Austria	5	3	1		1	
1-4 services	**Finland**	4	6	1			
	Switzerland	3	2	1			
	Poland	3	1	1		1	
	Hungary	4	2	2			
	Portugal	2		1	1		
	Estonia	2	1	1			
	Cyprus	2		2			
	Slovakia	1	1				
	Iceland	1	0	1			
No service	**Turkey**	0					
	Slovenia	0					
	G.D. Luxembourg	0					
Total (2)		**142**	**94**	**47**	**11**	**6**	**1**

(1) A service may be available of a number of different networks, but is only counted once in the total.
(2) A service may be available in a number of different countries; in this case, it would be counted more than once in the total.

Source: NPA Conseil / European Audiovisual Observatory

The players

Three types of player are particularly active in the video-on-demand market:

- *The editors of television channels* generally supply catch-up TV services, which make it possible to watch a programme after it has been broadcast on television. Many broadcasters, however, take advantage of their position in the rights market to offer films as well.

- *Content aggregators* are companies that have the ability to constitute catalogues of rights for works likely to be distributed via VoD. This category may also include video editors, societies for the collective management of copyright (such as the SGAE and the EGEDA in Spain), bodies or companies that manage archives (the Institut national de l'audiovisuel in France, the Norwegian Film Institute, British Pathe, etc) and commercial retail companies (chains such as FNAC and Virgin, companies specialising in DVD rental such as Lovefilm, Glowria, etc). Some companies have been set up specifically with the aim of becoming content aggregators. In the Netherlands, no fewer than nine services are organised on the basis of the catalogue put together by the aggregator ODMedia.

- *Telecom operators* (incumbent operators, Internet access providers, cable operators) are newcomers on the market for the distribution of content. They are the most active of the players, and are innovative in terms of diversity of offer (particularly by using cross-media partnerships).

Less importantly, a number of production companies or associations of producers also edit services. The main cinematographic groups in Europe have not yet announced their own services, in contrast to the situation in the United States where the Hollywood majors are the origin of the Movielink service. One should nevertheless note the involvement of the Svensk Filmindustri group in the SF-Anytime service which can be accessed in the various Scandinavian countries. In Europe, the American majors are collaborating with the main national VoD services, mainly in the context of non-exclusive agreements, although Warner has joined forces with Arveto (Bertelsmann group) to launch the Film2Home service in German-speaking countries.

Three types of economic model emerge

- Rental

There are several arrangements for rental: payment for each item separately (the rental charge is paid for each individual item, at prices that range, in general, from €1.50 to €6.00), the pack, the pass, and subscription (often called SVoD - Subscription VoD). In this last case, the payment is valid for a set of programmes that are available for unlimited viewing during a given period of time. The programme rented can, in most cases, be viewed for a period of time of between 24 and 48 hours.

- Purchase

Payment here is also made for each item separately, at a price that is generally between €5.00 and €15.00. The programme can be viewed and stored on a PC; it cannot usually be transferred to a DVD player connected to a television set (because of the types of encryption used). A “purchase to burn” option that allows the downloaded programme to be burned onto a DVD (sometimes in a limited number of copies) may also be available, in which case prices are between €15.00 and €20.00.

- VoD free of charge (also called FoD - “free on demand”)

FoD is most frequently used for viewing audiovisual programmes as catch-up TV (i.e. programmes offered by VoD services for a limited amount of time after broadcasting by the television channel).

There are two types of FoD – programmes for which no charge is made that are financed by advertising (mostly television series and fiction), and programmes which involve no money changing hands. The latter type is used either for promotional purposes, or for testing the potential of a free model in order to have a better basis for subsequent negotiation with advertisers.

Although payment for each individual item separately has historically been the main method used for making content available on demand, there are now several marketing schemes in keeping with current developments – the constitution of packs, subscription offers (SVoD – “Subscription VoD”), passes giving entitlement to unlimited viewing of all or part of an available catalogue, and third-party financing (whether cross-subsidies between ranges of an operator’s products or contributions from advertising).

Films are the main content in the editorial offer of services

Study of the catalogues for VoD services in Europe shows that films represent more than half the titles on offer against payment.

As for the breakdown between new releases and stock titles, the information communicated by the operators is not sufficiently precise to be able to establish consolidated figures. Observation of the various services nevertheless shows that new releases represent between 3 and 25% of the cinema titles, depending on the service.

Exploitation windows are tending to shrink

In those countries where there is a specific window for vthe release of films in VoD, usually laid down as part of interprofessional agreements, these agreements are, in most cases, being renegotiated, with a clear tendency towards the windows becoming smaller. VoD release on the same day as DVD release (the "day-to-date" system current in the United States) is becoming more frequent, mainly in the Scandinavian countries.

The need for greater transparency

The study highlights the need for greater transparency on the part of operators. In a context of investment and serious competition, they are relatively unwilling to release figures that would demonstrate the development of the market and the success of the works proposed in their catalogues. Greater transparency should be a positive factor, creating confidence on the part of both consumers and rightsholders in respect of this new method for circulating their work.

The study will be presented from 2.30 to 5.00 p.m. on **Saturday, 19 May 2007** in the Salon des Ambassadeurs on the 4th floor of the Palais des Festivals (Cannes, France) as part of the workshop on "VoD vs. cinema?" being organised by the European Audiovisual Observatory.

The French version of the study will be available on the DDM's Internet site, at http://www.ddm.gouv.fr/.
The study will be marketed, in English, German and French, by the European Audiovisual Observatory (http://www.obs.coe.int).

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The Directorate for the Development of the Media (*Direction du développement des médias* - DDM) is a department answerable to the French Prime Minister placed at the disposal of the Minister with responsible for communication; it is responsible for the development of all the media, ranging from the written press and classic audiovisual services to new forms of on-line communication.

The aim of the **European Audiovisual Observatory** is to collect and circulate information concerning the audiovisual sector in Europe. The Observatory is a European public-service body with 36 Member States and the European Community, represented by the European Commission. It operates within the legal framework of the Council of Europe.

NPA Conseil is a benchmark consultancy firm in the audiovisual field and more specifically the "new audiovisual scenes" (terrestrial digital television, broadband TV, VoD-PVR, mobile TV, HDTV, etc). NPA Conseil has been monitoring the development of the VoD market since the beginning of 2003, as part of monitoring the development of "personal television" (push and pull VoD services, and PVR use for off-line consumption).