Information | Analytics | Expertise

SEPTEMBER 2014

THE FUTURE OF TELEVISION IN EUROPE

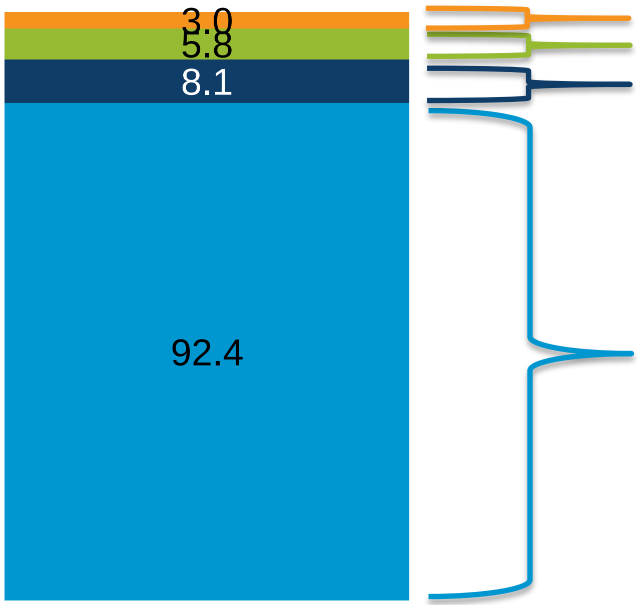
An assessment of the changing nature of television in Europe, and what is shaping the transformation

Ben Keen: IHS Technology

The European film and television space is still broadcast-led

The European film and television industry remains a broadcast-led sector

2013 Film and TV revenues (Europe - €bn)

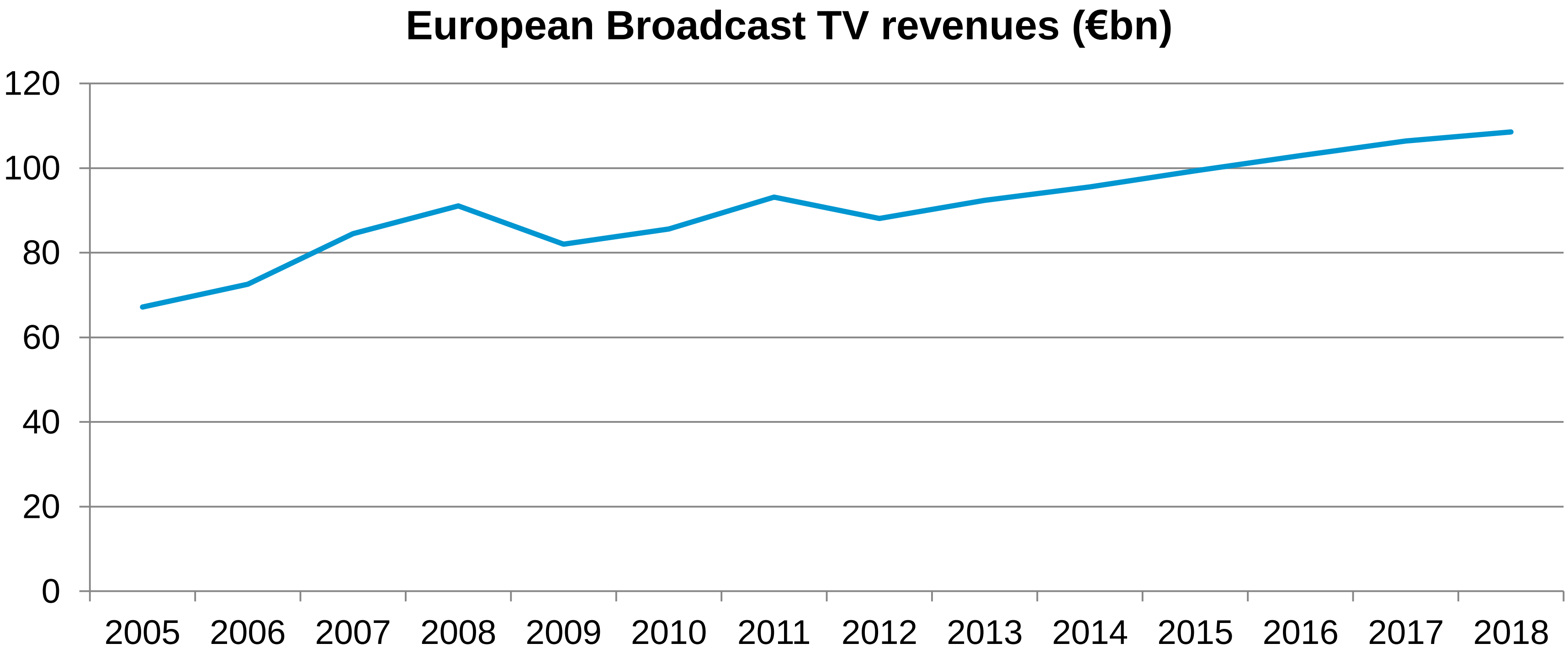


Online – YouTube, Netflix, iTunes, ViaPlay etc.
Physical – DVD/BD disc purchase/rental
Theatrical – Cinema box-office

Broadcast – including subscription pay TV, public service broadcast and commercial ad-funded broadcast. e.g. Sky, BBC, RTL, SVT, Canal Plus

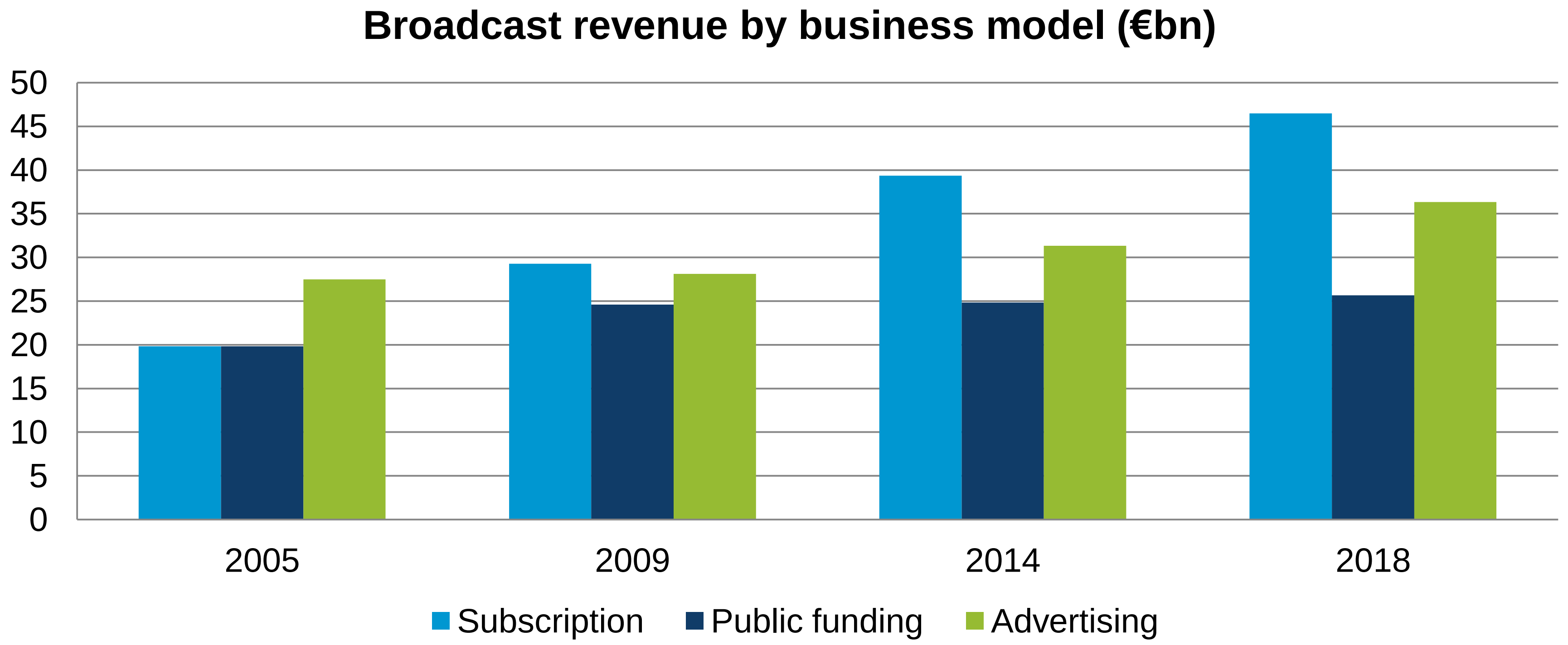
Revenues include: consumer-level revenues (spend less VAT) for paid-for media, net advertising revenues and public (e.g. licence/tax funding) for public service broadcasting.

And we expect broadcast to continue to grow



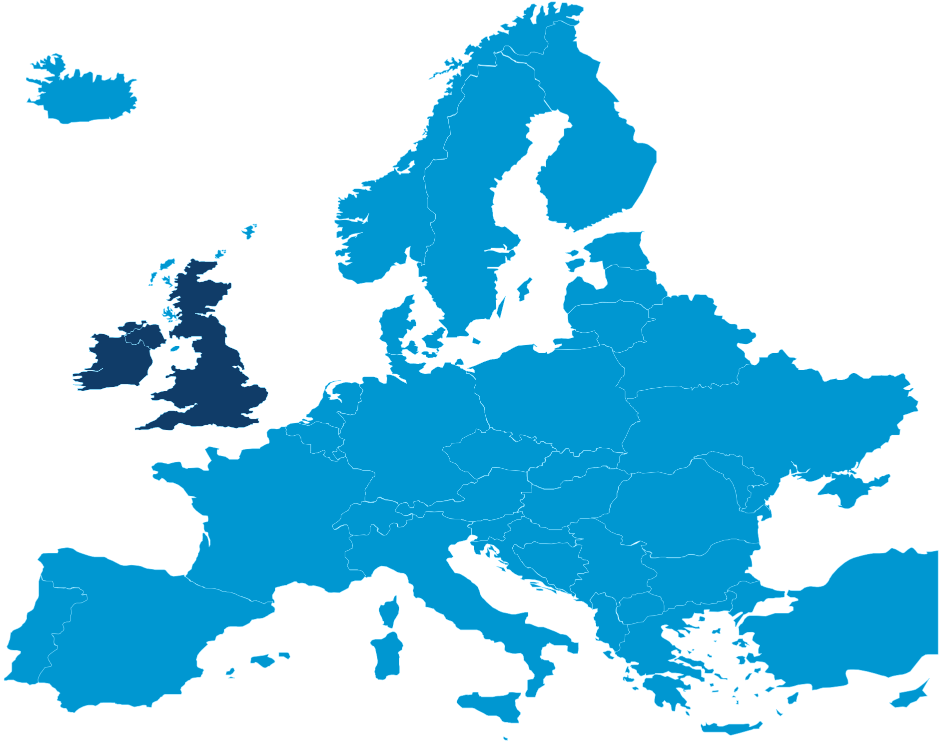
But the funding mix of the TV economy is shifting

The revenue mix of broadcast income is increasingly skewed towards subscription



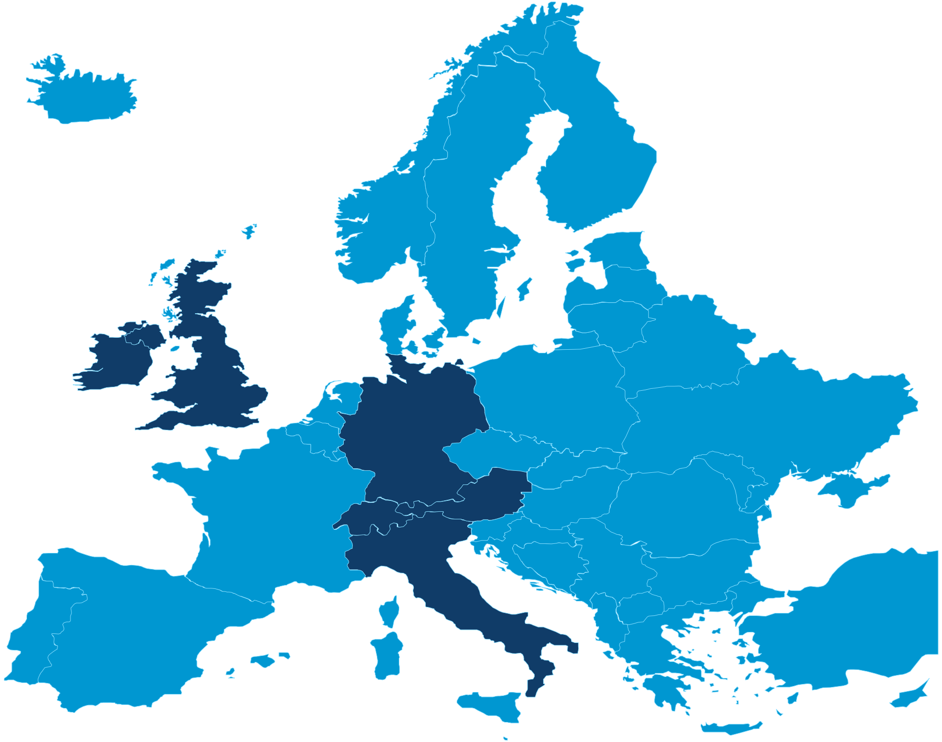
And consolidation in the pay TV sector means operators are gaining ever-greater power

Sky UK 2014
TV Subs: 10.7m (f)
W. Eur. mkt share: **9.4%**

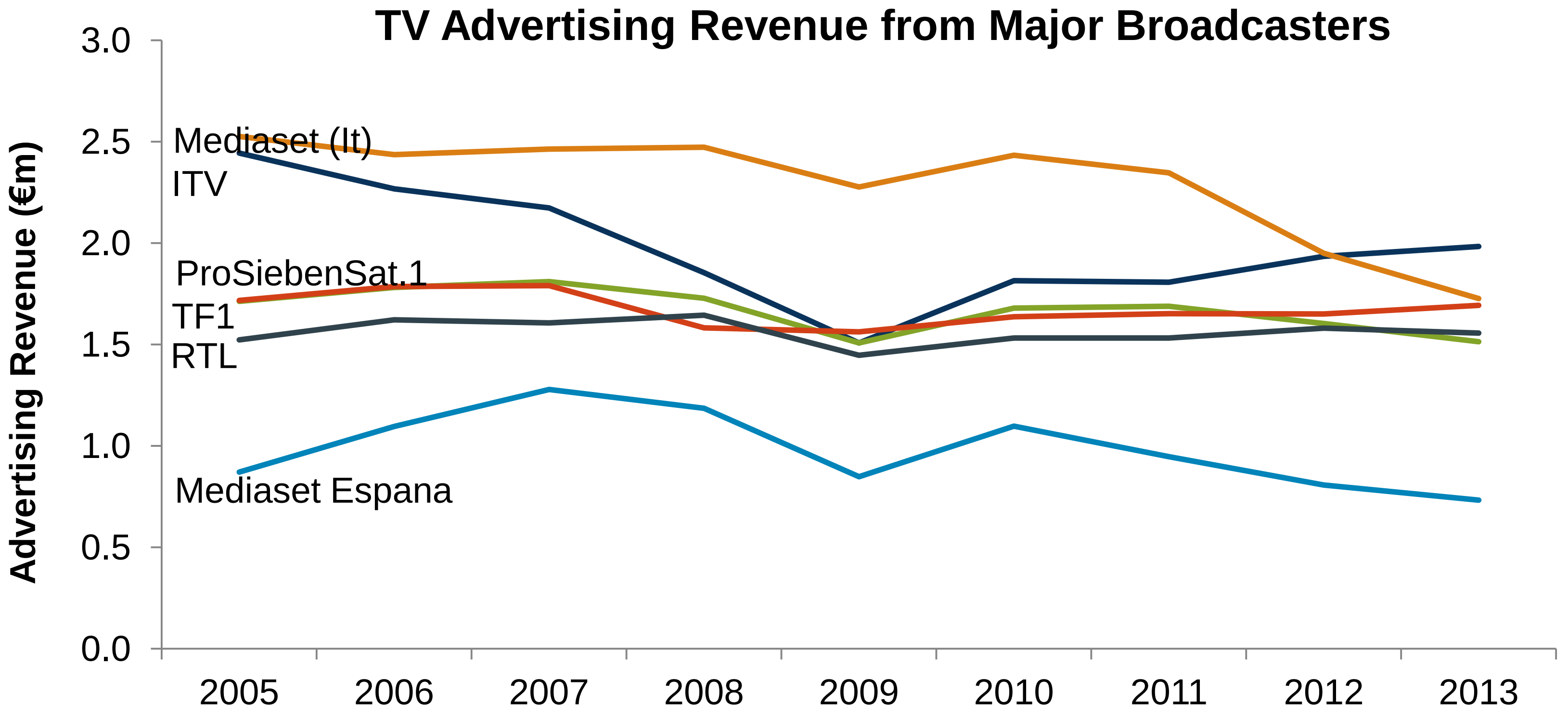


And consolidation in the pay TV sector means operators are gaining ever-greater power

Sky Europe 2014
TV Subs:19.4m (f)
W. Eur. mkt share: **16.5%**

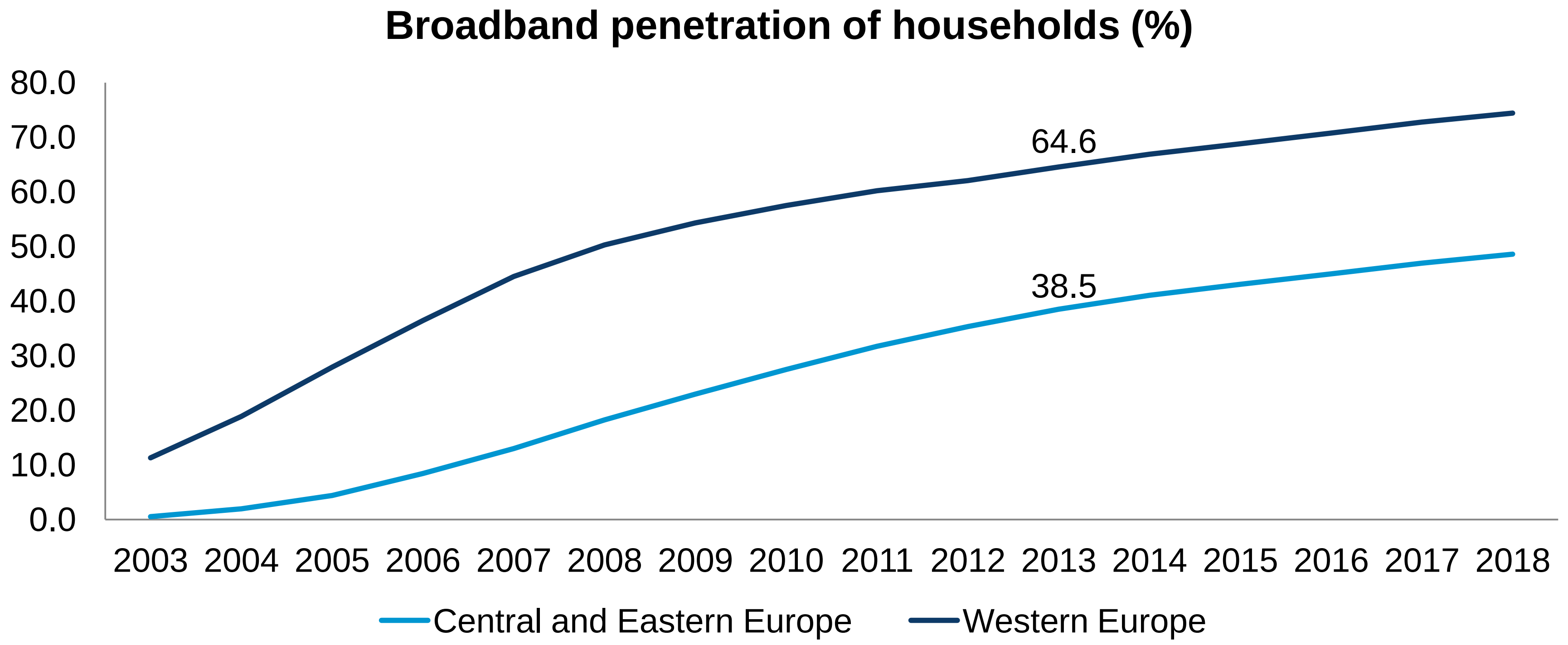


Many commercial broadcasters are also still feeling the after-effects of 2009's recession

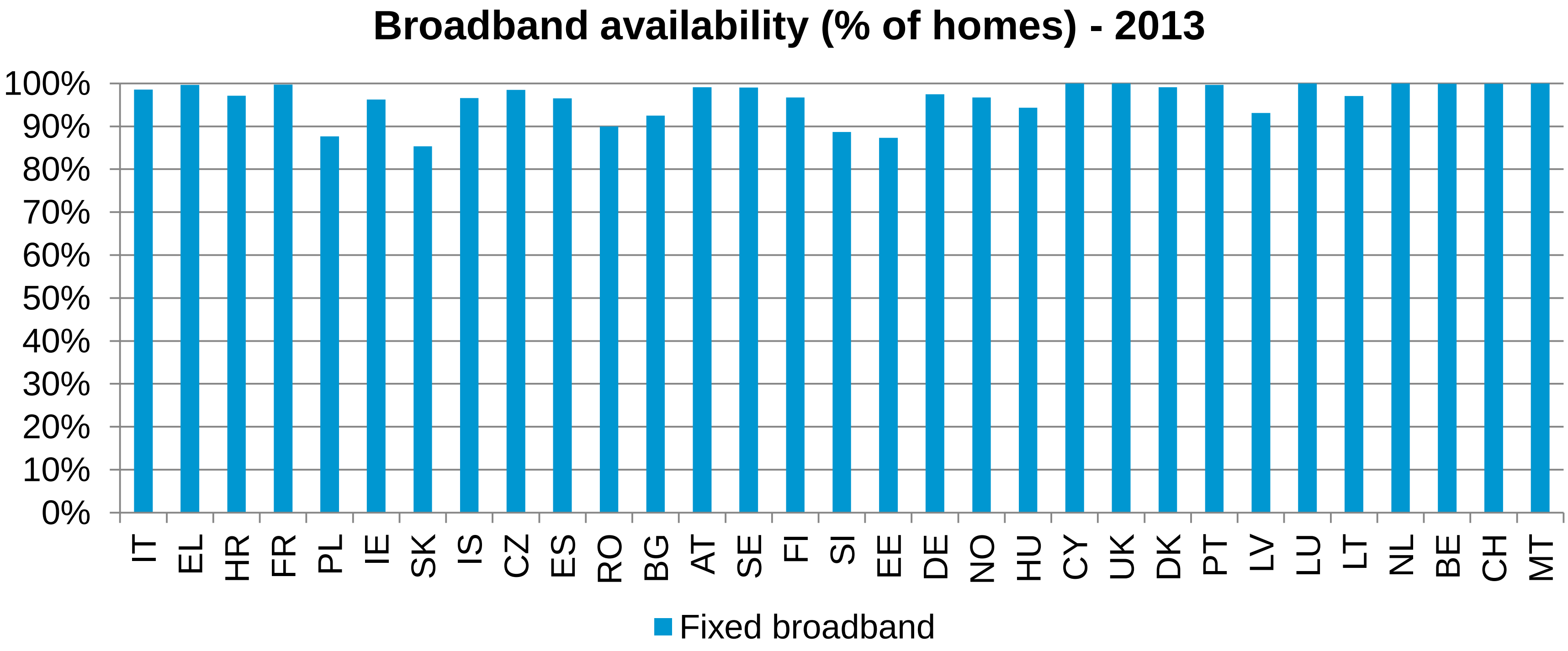


Europe is also increasingly connected

Two thirds of Western European households and four in ten Central and Eastern European households already have broadband

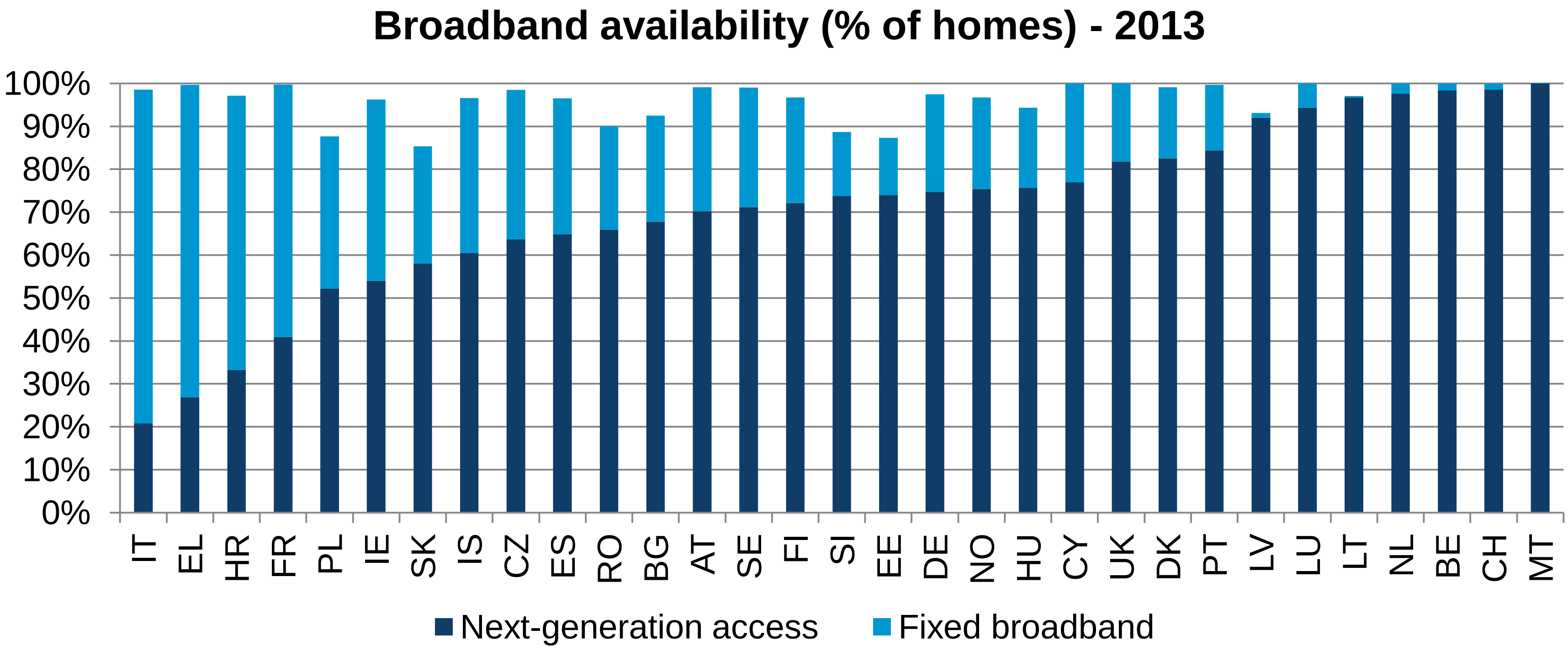


Markets are making strong progress to ensure universal broadband availability



Source: IHS & VVA on behalf of the European Commission – Broadband Coverage in Europe 2013

And nearly two-thirds of homes are already covered by next-generation broadband services

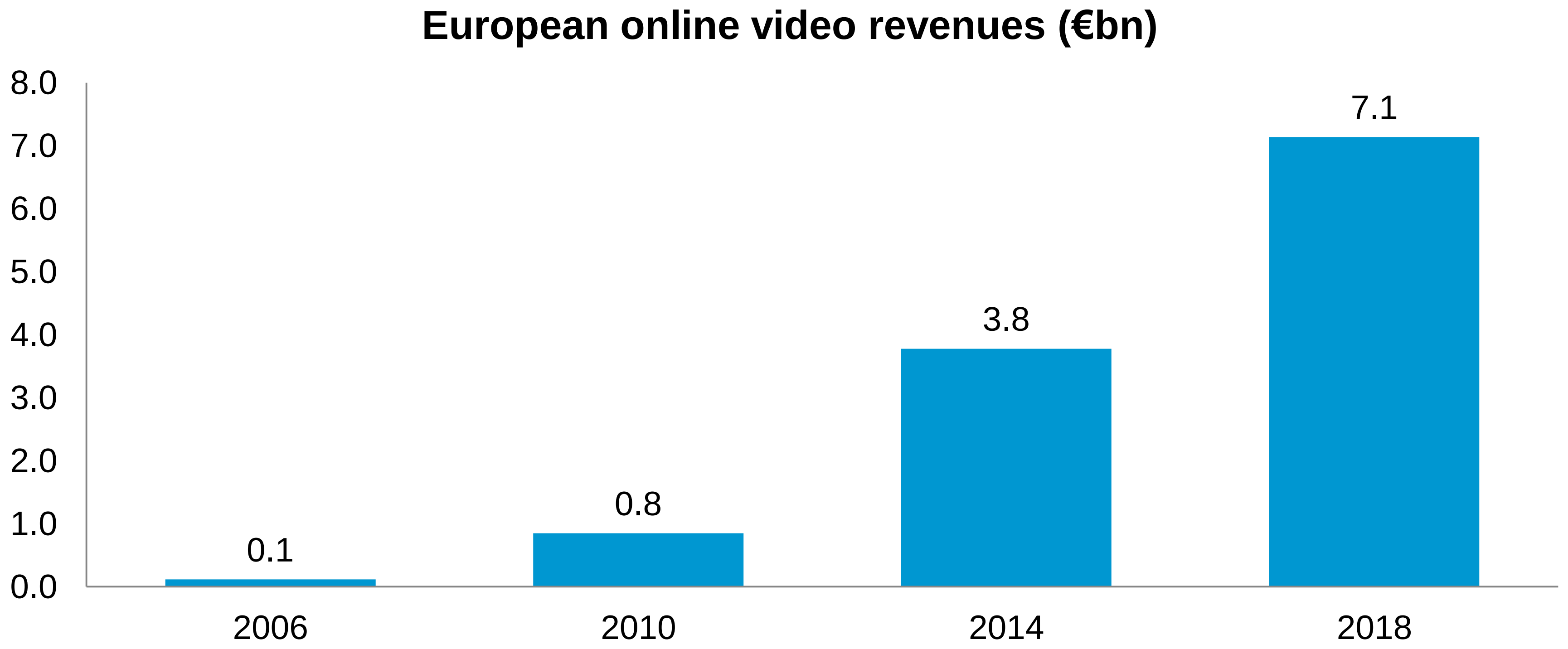


Source: IHS & VVA on behalf of the European Commission – Broadband Coverage in Europe 2013

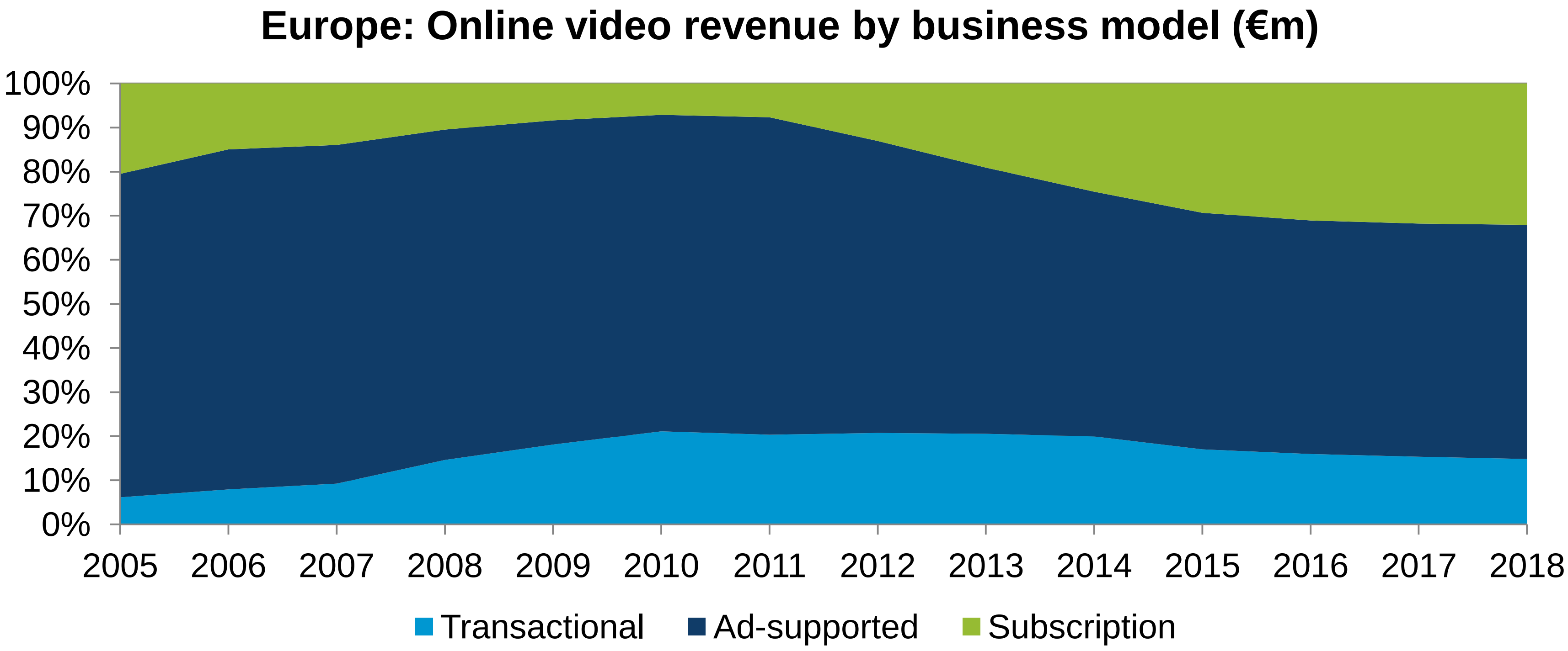
By 2020 the whole EU *should* be covered by 30Mbps broadband

As a consequence of this growth, online video usage is increasing

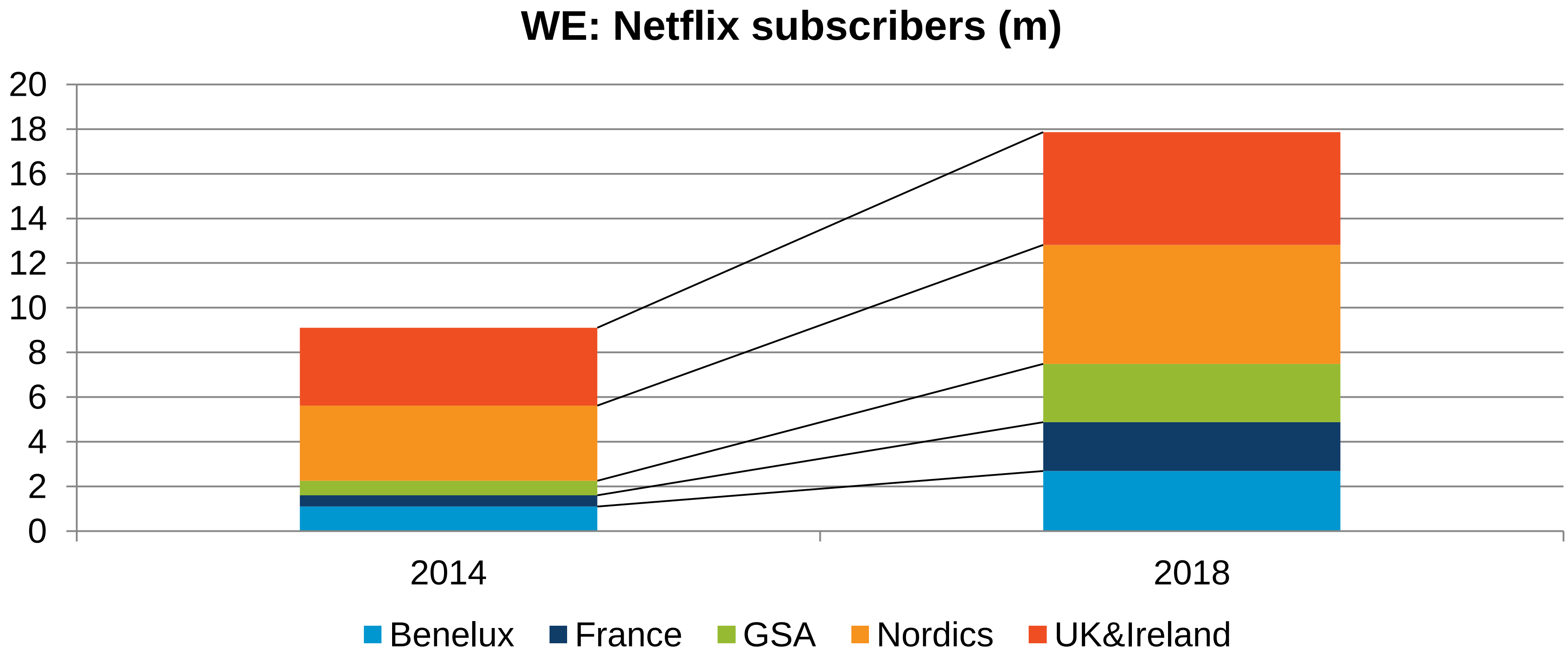
The online video market in Europe is expected to double in size over the next few years



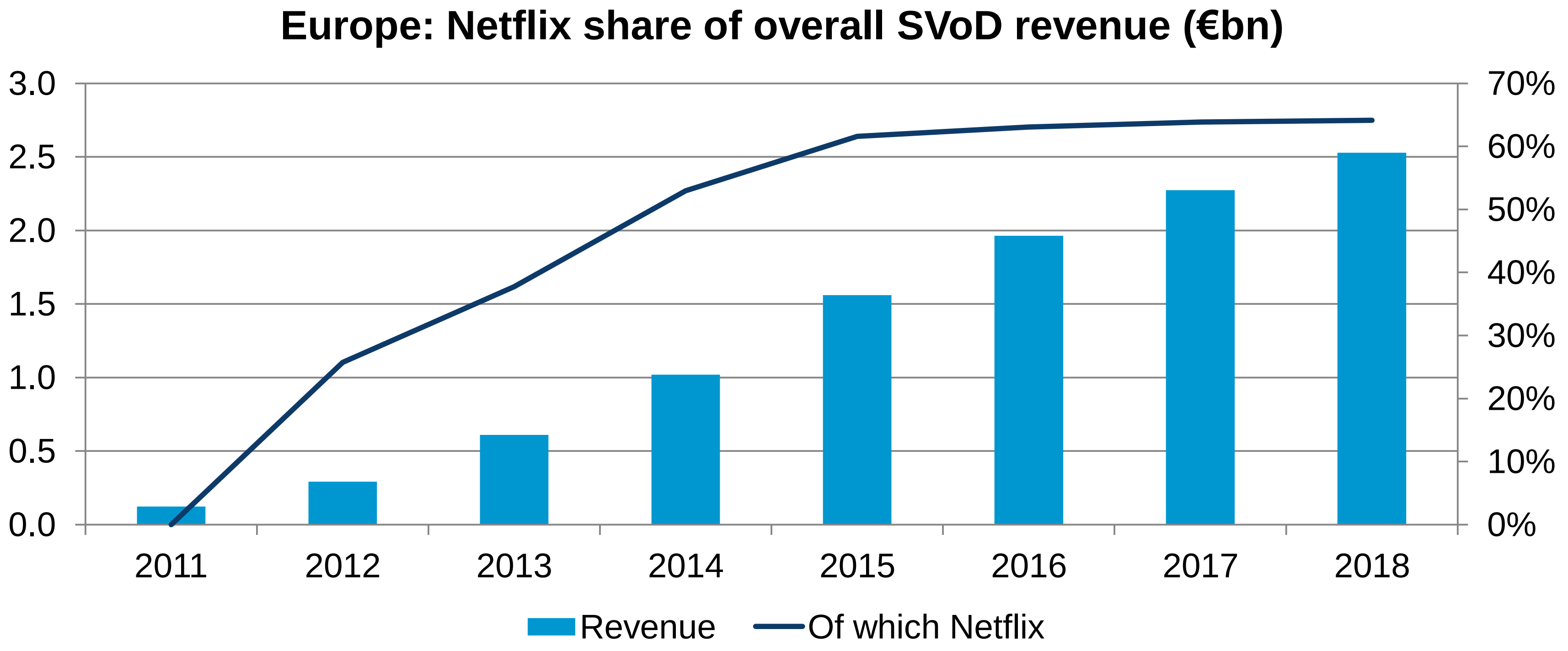
But as with the traditional broadcast world, the funding mix of online video is changing



UK and Scandinavia are the largest Netflix markets – and expected to remain key territories

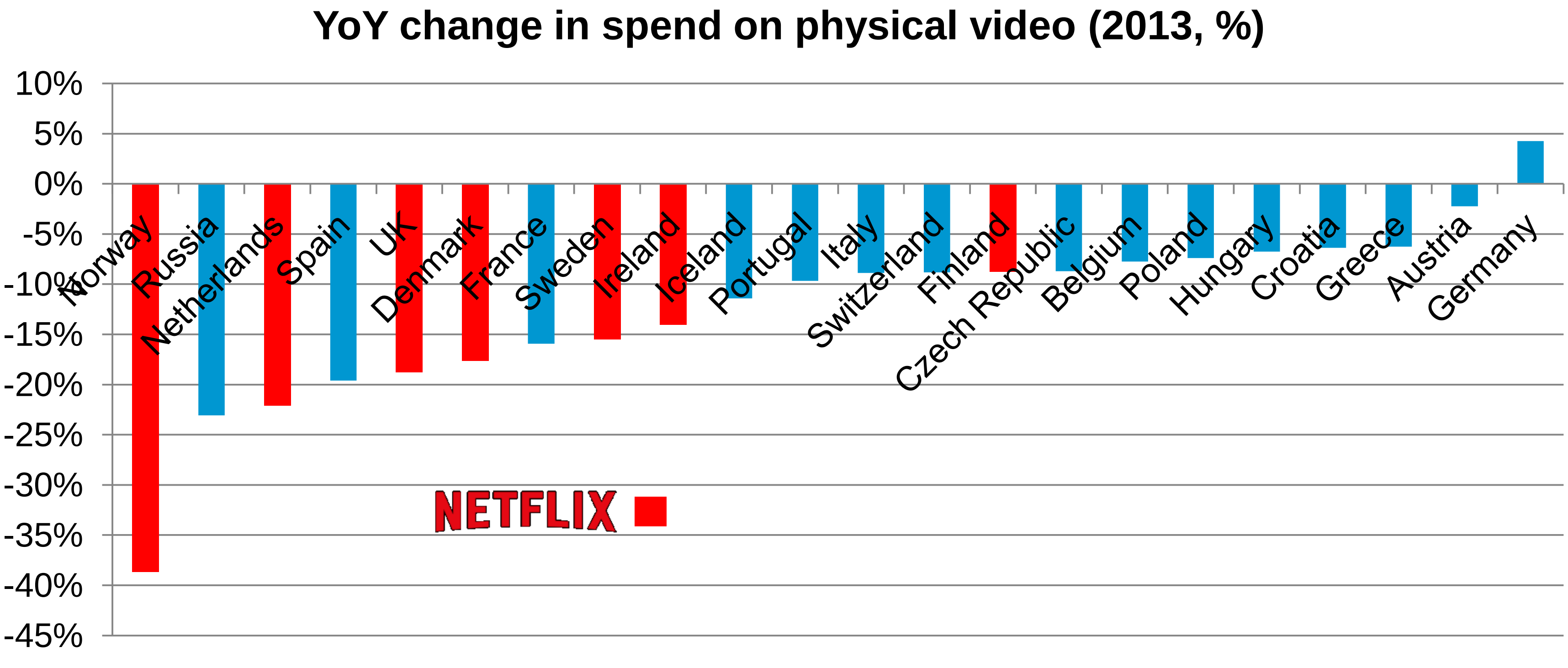


Two thirds of European spending on SVoD is expected to be with Netflix by 2018



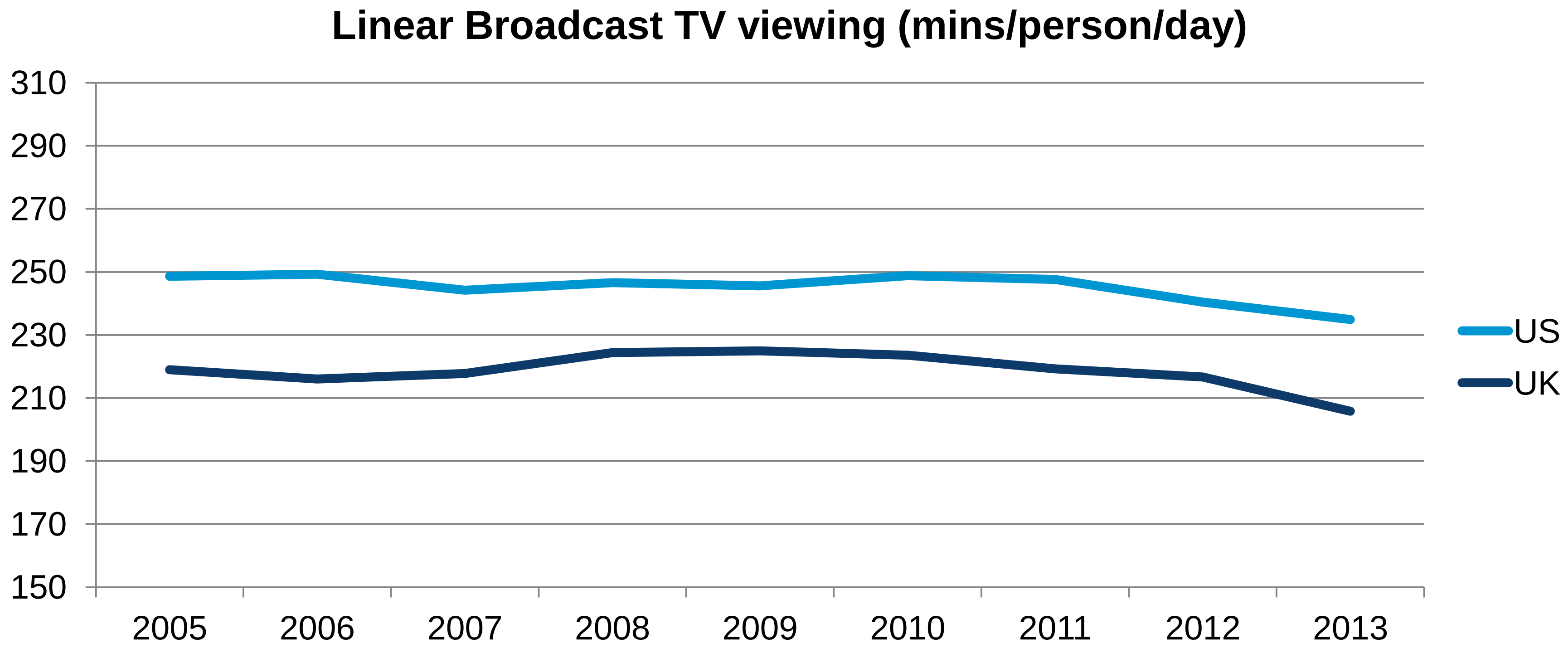
Services like Netflix are already having an impact on adjacent sectors

Territories in which Netflix has launched have seen greater-than-average declines in traditional physical video spend



Note: Film & TV only

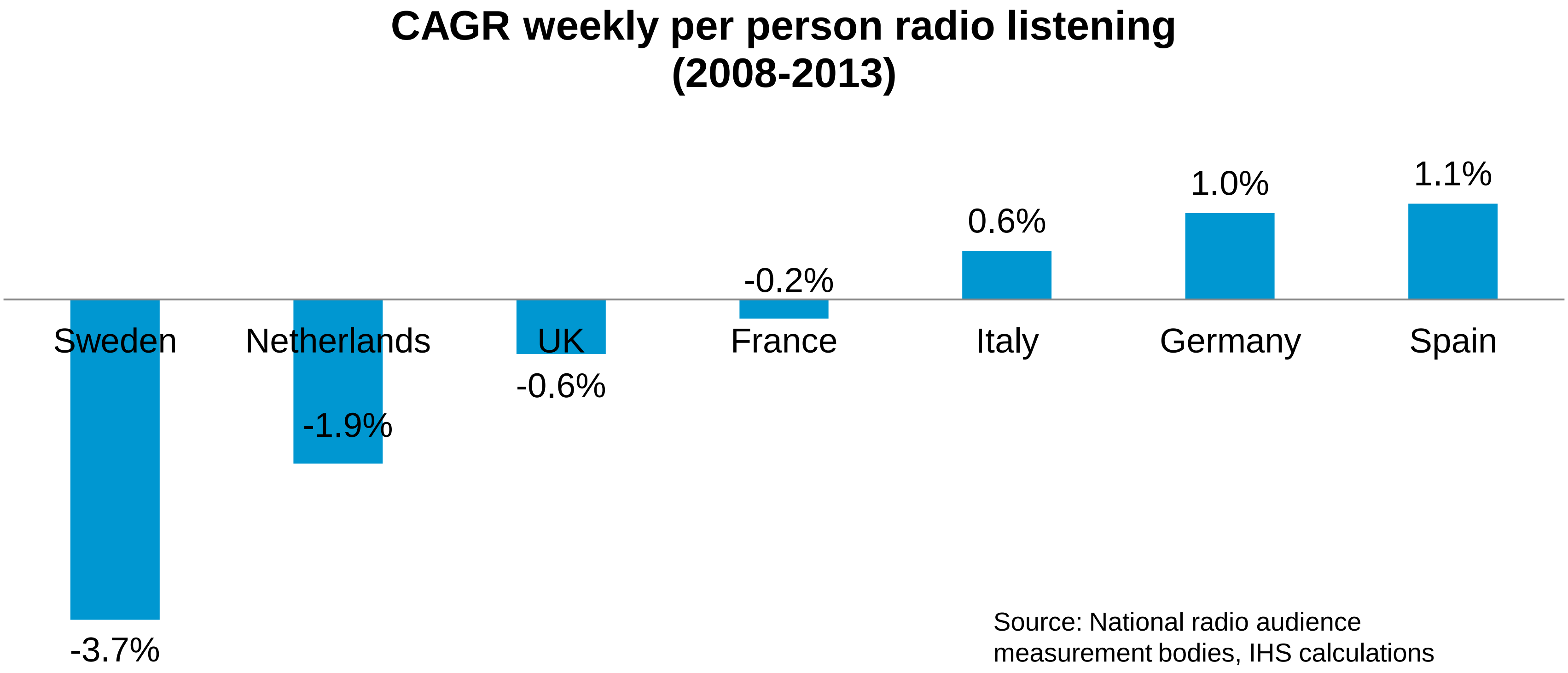
In markets like the US and UK, which have seen strong online video uptake, broadcast viewing is beginning to decline



Source: IHS, National panel bodies

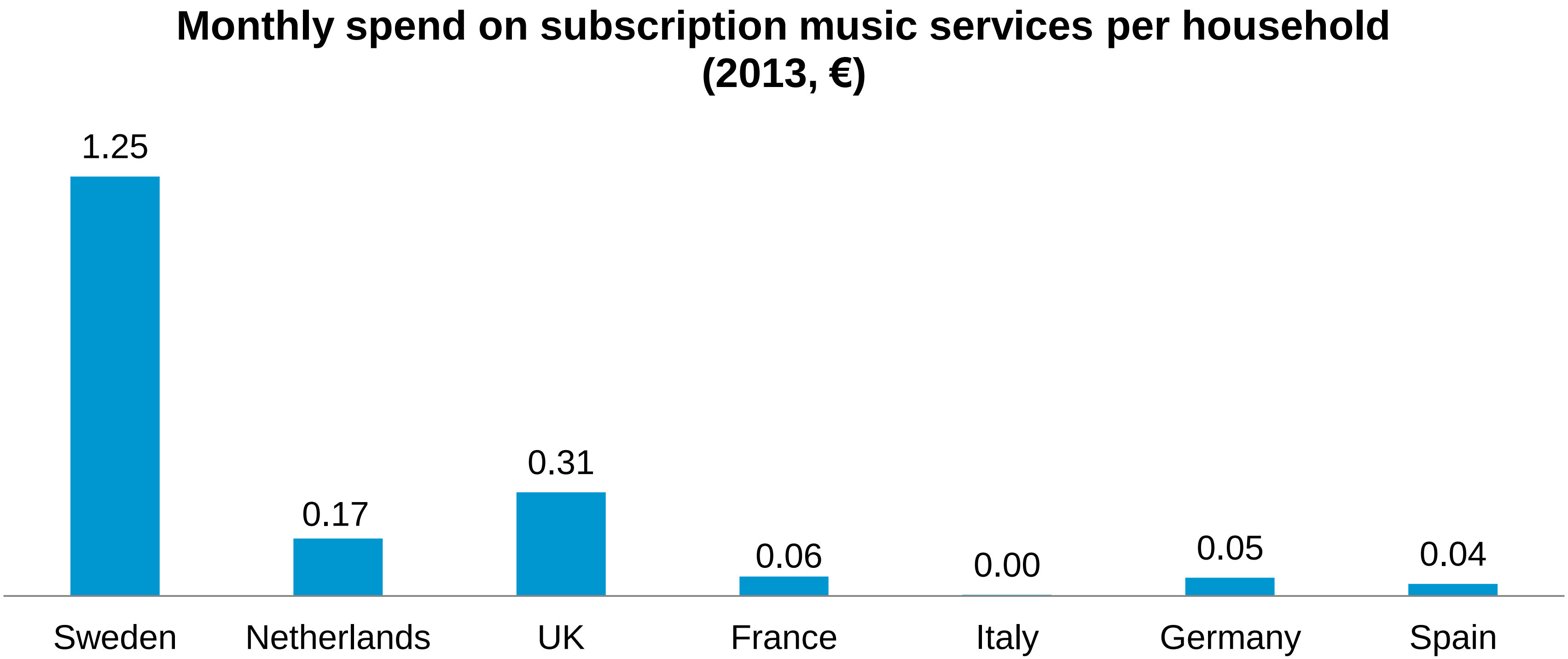
But TV is not the only industry in turmoil

Radio audiences are in decline across many markets in Europe

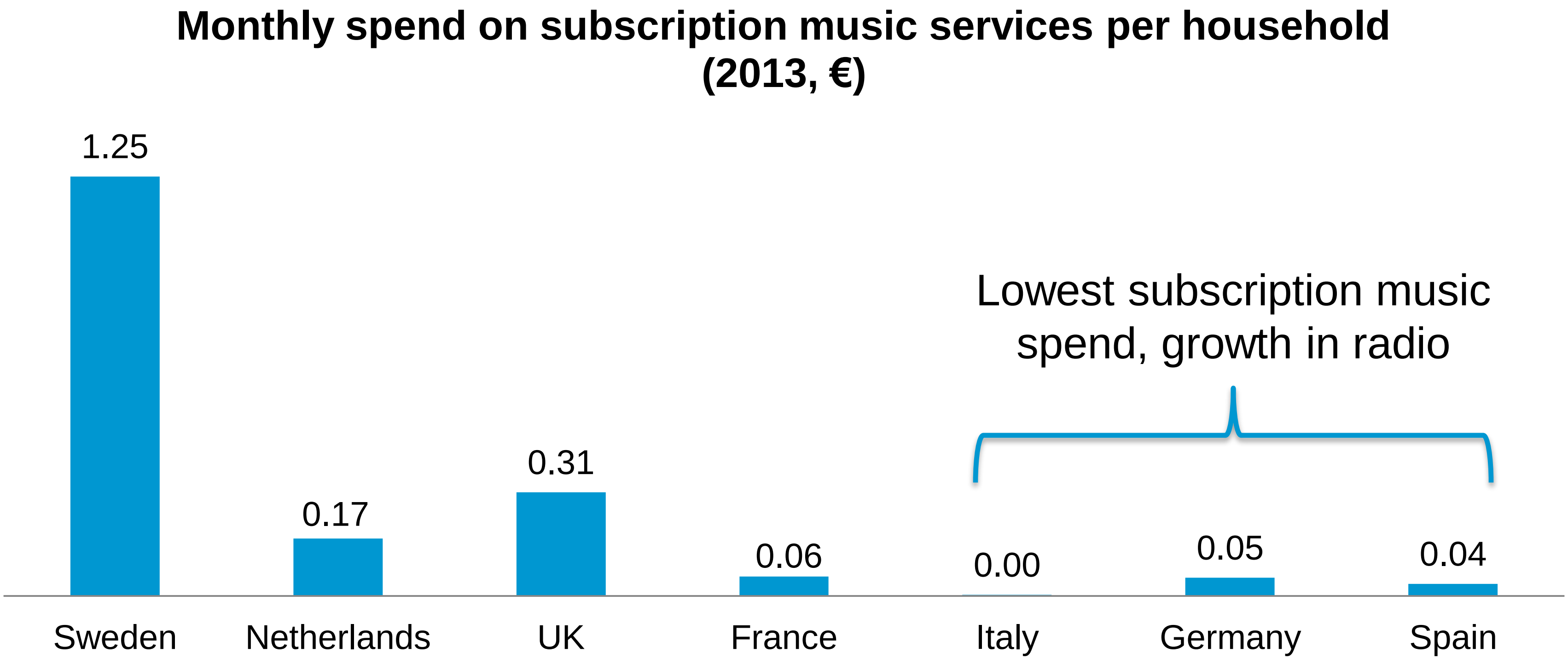


Source: National radio audience measurement bodies, IHS calculations

Those countries seeing the worst declines also have the highest spend on subscription music services



And those with the lowest spend…



Europe is rapidly becoming a fragmented market for audiences though

The average European household will have nearly 6 video-capable connected devices by 2018

1 Smart TV for every 2 households

1 STB per 4 households

1 tablet for every 2 households

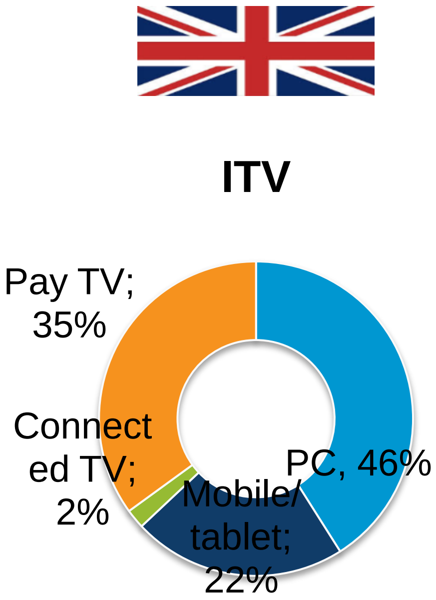
1 DMA per 10 households

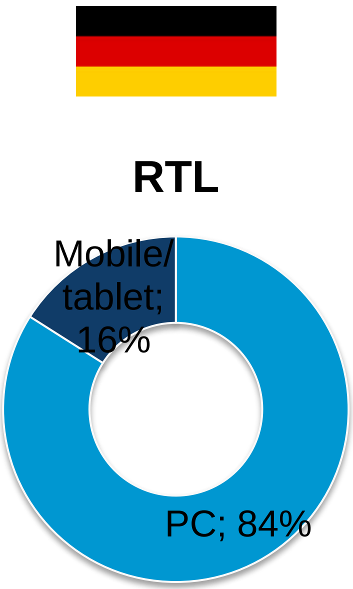
Nearly 3 smartphones per household

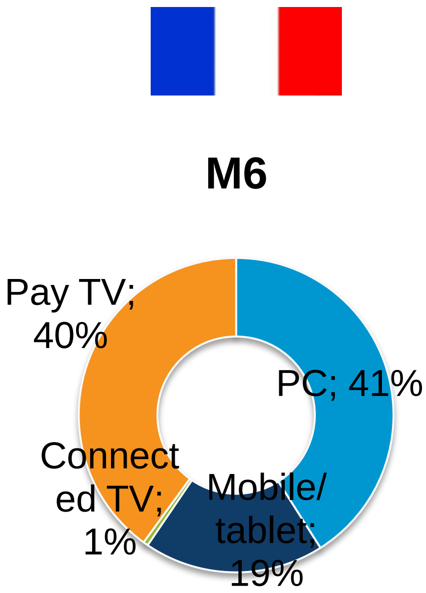
1 games console per 10 households

Over 1 PC per household

Online video viewing is increasingly fragmented across these devices

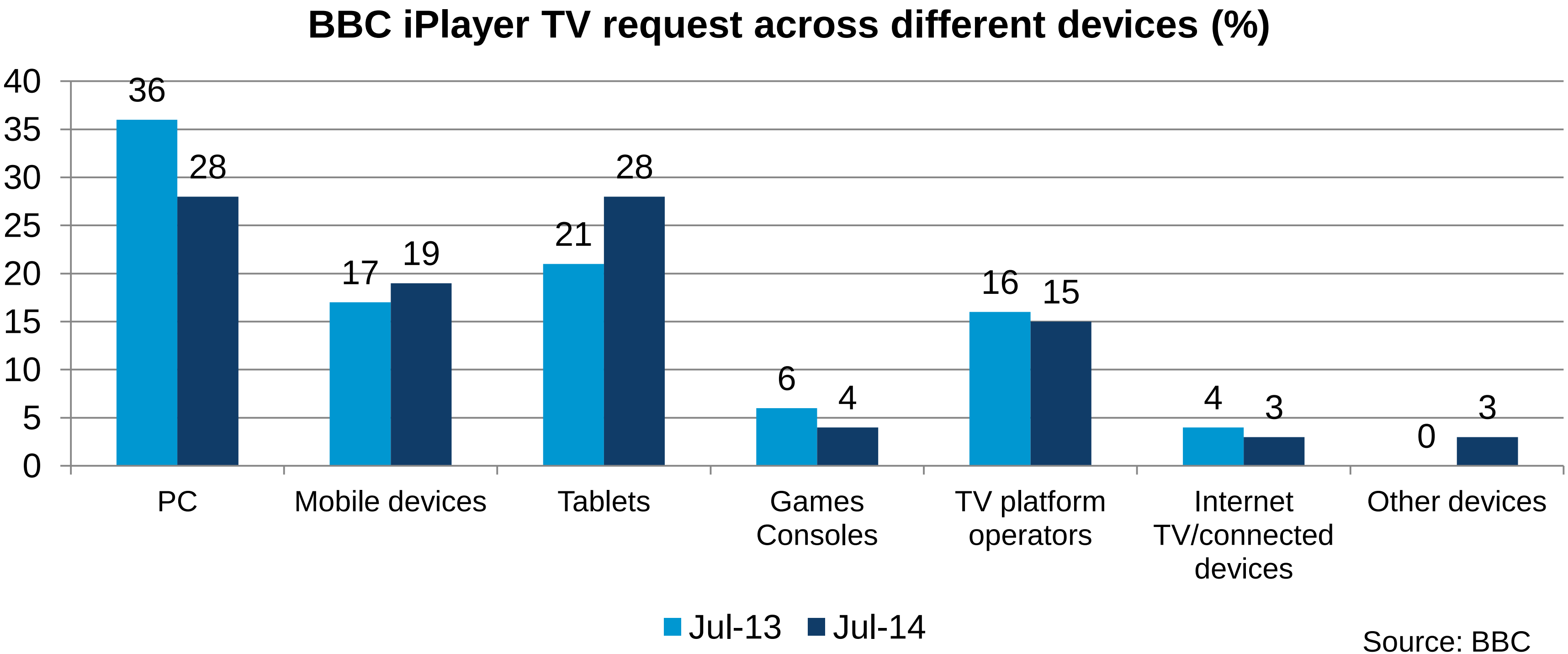






2013 online viewing by device

And PSBs are already showing how far this fragmentation might go…



Source: BBC

Questions?