

Italy

Italy: key data

Population	60.1m
TV households	23.5m
DVD households (penetration)	94.5%
Blu-ray Disc household (penetration)	1.7%
Distributor revenues from physical video software	€ 267.6m
Comparison with 2009	-6.0%
DVD/Blu-ray Disc split	€ 239.5m / € 28.1m
Video software rental/retail split	9/91
Consumer spending on physical video software	€ 424.8m
Comparison with 2009	-7.3%
DVD/Blu-ray Disc split	€ 380.3m / € 44.5m
Video software rental/retail split	21/79

The income per household in Italy declined for the third consecutive year due to the weakness of the labour market and the impact of layoffs, which heavily influence Italian consumers' choices.

The level of consumption, despite the modest increase recorded in 2010, still remained 1.5 per cent lower than in 2007.

DVD and Blu-ray market

The home entertainment market declined 10.6 per cent compared with the previous year (retail, rental and kiosks included).

The retail market declined only slightly by 2.6 per cent, due to the increase of Blu-ray (BD) and the success of strong titles. Excluding kiosks, spending on DVD and BD retail remained stable at EUR 335 million.

DVD retail declined for third consecutive year: The number of DVDs sold to consumers dropped by 7.6 per cent to 25.2 million, while consumer spending declined by 7.9 per cent to EUR 295.2 million.

BD reached a share in value of 12 per cent, 16 per cent considering only new releases. Consumer spending for BD retail increased by 72 per cent in value to EUR 40 million compared to EUR 23.1 million in 2009, while the growth in volume was even more positive with an increase of 109 per cent.

The DVD rental market suffered more than the other segments due to the growth of alternative sources of entertainment and due to piracy. Over 500 rental stores closed down in 2010: between 2007 and 2010 over 1400 rental stores closed down, reducing dramatically the number of stores (today nearly 3300).



The number of DVD rental transactions dropped by 25.5 per cent in 2010.

BD rental was performing well, representing nearly 5 per cent of the turnover of the rental market in 2010.

Kiosks

The turnover of kiosks declined by 18.1 per cent to EUR 164 million. Sales were mainly supported by films sold with newspapers and magazines.

Kiosk sales are a key distribution channel in Italy. Kiosk sales accounted for more than 30 per cent of total retail sales and more than 25 per cent of total consumer spending including rental.

Online Distribution

Online distribution services are becoming more popular in Italy. The total market share is still very marginal at only 4 per cent, but a wider range of content is now available, allowing further opportunities for growth.

Legal offer in Italy includes websites such as:

- iTUNES - Apple
- Oriocity (Sony) <http://www.qriocity.com/it/> <http://www.qriocity.com/it/it/video.html>
- Playstation Network - Console Sony PlayStation 3 (for the exclusive use of the platform);
- XBOX Network - Console Microsoft X360 (for the exclusive use of the platform);

Italy's online market is dominated by three players:

- Telecom Italia (IPTV)
- Telecom Italia (Cubovision)

Video market: Italy

- Fastweb (ONTV)
- Mediaset (Premium NetTV)

There are also several digital stores in Italy:

- Docvideo.IT - www.docvideo.it
- Film Is Now - www.filmisnow.it
- My Movies - www.mymovies.it/download
- Net-Movie - www.net-movie.it
- Popcorn TV - www.popcorn.tv
- Rai.TV - www.rai.tv
- Video Mediaset - www.video.mediaset.it

Other relevant developments

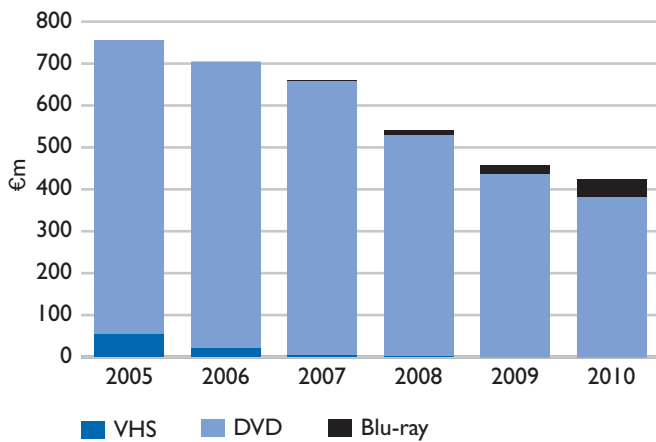
Piracy continues to be a major problem in Italy. The rate of digital piracy (downloading and streaming) as well as physical piracy (purchase of counterfeited or home-copied DVDs) is increasing. According to an IPSOS survey carried out in 2009 and in 2010 for the Italian anti-piracy association FAPAV, audiovisual piracy increased by 5 per cent in 2010 compared to 2009. The digital piracy rate was estimated at 42 per cent in 2010. Internet piracy was considered fashionable amongst younger consumers, mainly students with a higher education level.

AGCOM, the Italian communications sector regulator, will shortly publish draft regulations providing for a procedure for addressing pirate content offered by sites located within Italy, and for blocking the access to sites offering infringing content located outside Italy.

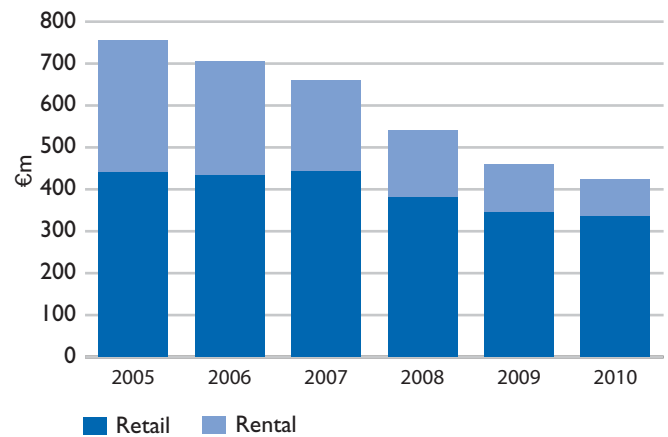
This commentary was provided by Univideo, the Italian Video Association.

Video market: Italy

Consumer spending by format



Consumer spending by sector



		2005	2006	2007	2008	2009	2010	10/09
EXCHANGE RATES								
Exchange rate: \$1 =	Euro	0.80	0.80	0.73	0.68	0.72	0.75	
GENERAL								
Population	m	58.65	58.98	59.30	59.60	59.87	60.10	0.4%
Households	m	22.44	23.36	23.51	23.63	23.73	23.83	0.4%
HARDWARE								
TV households	m	22.0	22.2	23.1	23.3	23.4	23.5	0.4%
DVD sector								
DVD Video player/recorder households	m	12.5	16.7	20.6	21.9	22.1	22.2	0.5%
Penetration of TV households	%	56.9	75.4	89.0	94.3	94.5	94.5	
DVD console households	m	3.3	3.7	4.0	3.9	4.0	3.8	-3.9%
Penetration of TV households	%	15.2	16.7	17.2	16.9	16.9	16.2	
BD sector								
BD standalone player households	m		0.000	0.004	0.029	0.110	0.400	263.6%
Penetration of TV households	%		0.000	0.015	0.126	0.470	1.703	
PS3 console households	m			0.287	0.570	1.0	1.3	38.7%
Penetration of TV households	%			1.2	2.4	4.1	5.6	

Total video software market

		2005	2006	2007	2008	2009	2010	10/09
TRADE LEVEL PHYSICAL VIDEO								
Total revenues from video software	Euro m	407.2	393.7	390.4	329.0	284.8	267.6	-6.0%
Total revenues from retail video	Euro m	316.2	322.3	326.0	287.5	254.3	243.7	-4.2%
Total revenues from rental video	Euro m	90.9	71.4	64.4	41.5	30.4	23.9	-21.3%
CONSUMER LEVEL PHYSICAL VIDEO								
Total spending on video software	Euro m	755.2	704.1	660.6	541.1	458.4	424.8	-7.3%
Total spending on retail video	Euro m	440.1	432.1	442.4	380.6	343.7	335.0	-2.5%
Total spending on rental video	Euro m	315.1	272.0	218.3	160.5	114.6	89.9	-21.6%

Video market: Italy

		2005	2006	2007	2008	2009	2010	10/09
CONSUMER LEVEL DIGITAL VIDEO*								
Total spending on digital video	Euro m	0.1	0.2	0.5	0.6	0.9	1.9	118.3%
CONSUMER LEVEL TVVOD**								
Total spending on TVVOD	Euro m	53.1	81.6	96.6	109.4	91.4	95.4	4.4%

*The purchase or rental of movies and TV series delivered over the open internet through transactional models (also known as EST, DTO, Internet VOD) or on a subscription basis.

**The delivery of movies and TV content on a transactional (VoD/INVoD/PPV) basis via cable/satellite/IPTV services.

Retail video market

		2005	2006	2007	2008	2009	2010	10/09
Outlets stocking retail video	no	1,700	642	600	550	550	540	
Retail chains with 10 or more outlets	no	23	23	22	22	22	21	
Kiosks stocking retail video	no	38,930	38,930	38,930	38,930	37,373	35,878	
Trade level: DVD retail								
Revenues from retail DVD	Euro m	303.3	318.6	322.0	275.9	239.1	218.1	-8.8%
Retail DVD shipped to trade	m	31.5	35.4	35.2	30.7	27.9	25.6	-8.4%
Average trade price	Euro	9.63	9.00	9.16	9.00	8.56	8.53	-0.4%
Number of titles released	no	5,228	5,061	5,010	5,010	5,010	4,900	-2.2%
Trade level: Blu-ray Disc retail								
Revenues from retail BD	Euro m			3.1	11.3	15.2	25.6	68.5%
Retail BD shipped to trade	m			0.180	0.680	1.011	2.068	104.5%
Average trade price	Euro			17.18	16.66	15.04	12.39	-17.6%
Consumer level: DVD retail								
Spending on retail DVD	Euro m	407.1	423.0	435.8	368.3	320.6	295.2	-7.9%
Retail DVD sold to consumers	m	30.9	34.2	34.6	29.8	27.3	25.2	-7.6%
Average consumer price	Euro	13.17	12.38	12.58	12.36	11.76	11.71	-0.4%
Consumer level: Blu-ray Disc retail								
Spending on retail BD	Euro m		0.029	3.4	10.9	23.1	39.8	72.0%
Retail BD sold to consumers	m		0.001	0.1	0.4	1.0	2.0	108.9%
Average consumer price	Euro		25.30	27.47	26.65	24.06	19.82	-17.6%

Rental video market

		2005	2006	2007	2008	2009	2010	10/09
Video rental outlets	no	2,800	2,800	2,800	2,200	2,100	1,950	
Rental chains with 10 or more outlets	no	23	23	23	23	23	18	

Trade level: DVD rental

Revenues from rental DVD	Euro m	87.6	71.4	64.4	40.8	30.1	21.5	-28.6%
Rental DVD shipped to trade	m	3.1	2.3	2.0	1.9	1.5	1.1	-25.5%
Average trade price	Euro	28.61	31.04	32.20	21.14	20.15	19.30	-4.2%
Number of titles released	no	350	400	375	350	320	290	-9.4%

Trade level: BD rental

Revenues from rental BD	Euro m				0.750	0.332	2.450	639.0%
Rental BD shipped to trade	m				0.030	0.014	0.108	673.8%
Average trade price	Euro				24.80	23.68	22.62	-4.5%
Number of titles released	no			168	263	263	250	-4.9%

Consumer level: DVD rental

Spending on DVD rental	Euro m	295.1	260.0	218.0	160.3	114.1	85.1	-25.4%
DVD rental transactions	m	86.8	81.8	75.2	55.3	42.8	31.9	-25.5%
Average rental price	Euro	3.40	3.18	2.90	2.90	2.67	2.67	0.1%

Consumer level: BD rental

Spending on BD rental	Euro m			0.05	0.160	0.511	4.750	829.5%
BD rental transactions	m			0.01	0.040	0.140	1.300	828.6%
Average rental price	Euro			4.00	4.00	3.65	3.65	0.1%

Source: IHS Screen Digest/IVF

Population and household figures: Economist Intelligence Unit

Note: Distributor level excludes and consumer level includes VAT/sales tax

DVD retail top 10

Rank	Title
1	Avatar
2	New Moon, The Twilight Saga
3	Up
4	The Twilight Saga: Eclipse
5	La Principessa e il Ranocchio
6	Toy Story 3: La Grande Fuga
7	Alice in Wonderland
8	Biancaneve e I Sette Nani
9	Bastardi Senza Gloria
10	2012

Source: Univideo/GfK

Blu-ray Disc retail top 10

Rank	Title
1	Avatar
2	Il Signore Degli Anelli: La Trilogia Cinematografica
3	Iron Man 2
4	2012
5	Alice in Wonderland
6	Up
7	Bastardi Senza Gloria
8	Sherlock Holmes
9	New Moon, The Twilight Saga
10	Prince of Persia: La sabbie del Tempo

Source: Univideo/GfK

Blu-ray and DVD retail top 10

Rank	Title
1	Avatar
2	New Moon, The Twilight Saga
3	Up
4	Alice in wonderland (Tim Burton)
5	Toy Story 3 - La Grande Fuga
6	Eclipse - The Twilight Saga
7	La Principessa e il Ranocchio
8	2012
9	Bastardi senza gloria
10	This is it Michael Jackson

Source: Univideo/GfK

DVD Sales through news kiosks

		2005	2006	2007	2008	2009	2010
DVD consumer sales from kiosks	m	29.86	36.4	36.7	31.2	23.8	20.1
Average DVD kiosk sales price	€	8.77	8.24	8.34	8.35	8.43	8.18
Total DVD kiosk consumer spending	€m	262.0	300.0	306.0	260.5	200.7	164.4

Source: Univideo/Prometeia

- Notes: 1. Kiosk refers to street corner newspaper kiosk or similar specialist retailer which also stocks video product.
 2. Sector has historically been dominated by third-party product, therefore the channel is analysed separately from the mainstream business by IHS Screen Digest.
 3. Kiosk sales are in addition to the mainstream market