Italy

Italy: key data

Population	60.3m
TV households	23.4m
DVD Video player/recorder	94.6%
Blu-ray Disc player/recorders penetration	5.9%
Distributor revenues from physical video software	€ 216m
Comparison with 2010	-20.5%
DVD/ Blu-ray Disc split	€ 185.3m / € 30.8m
Video software rental/retail split (%)	9 / 91
•Consumer spending on physical video software	€ 355.1m
Comparison with 2010	-16.5%
DVD/ Blu-ray Disc split	€ 301.4m / € 53.7m
Video software rental/retail split (%)	21 / 79
Consumer spending on digital video and TV VOD	€ 98.6m
Comparison with 2010	-1.6%
Digital video/TV VOD split (%)	92 / 8

•Kiosk not included

2011 was a very difficult year for Italy due to the economic crisis. Italian consumers' purchasing power has been reduced and household spending has stagnated. A further detoriation is expected in 2012. However, Italian consumers are trying to redress their expectations and their consumption models.

DVD and Blu-ray market

In Italy, the home entertainment market, as well as other sectors, is suffering from the effects of the general economic crisis.

In 2011, total consumer spending (retail, rental, and kiosk) amounted to EUR 486 million. The retail market (DVD and BD) declined by 16.2 per cent to EUR 281 million.

DVD was still the dominating format, representing 88 per cent of all units sold. The number of DVDs sold to consumers fell by 17.8 per cent to 20.7 million units. For the fourth consecutive year, consumer spending on DVD declined to EUR 232.1 million (24.7 per cent "new releases" 75.3 per cent "catalogue") .

With 2.6 million Blu-ray Discs sold in 2011, spending on consumer retail reached EUR 49 million (33 per cent "new releases" and 70 per cent "catalogue), an increase of 22 per cent and an increase of 26 per cent in units compared with 2010 .

The number of titles released in the Blu-ray format reached over 2.500 (900 released in 2011). The increasing consumer acceptance of the Blu-ray format helped off-set the decline of DVD sales.

The rental market suffered more than the other segments due to the growth of alternative sources of entertainment and due the high level of online piracy in the Italian market. Estimated consumer spending on rental in 2011 dropped to EUR 74 million, a decline of 16.5 per cent. In the last five years, rental's share of the total Italian video market declined from 22.5 per cent to 15.4 per cent. Another reason for this drastical decline of the rental market is the closing down of some of the biggest rental chains.

Kiosk

Kiosk sales are still a key distribution channel for DVD sales in Italy. Sales accounted for 26 per cent of total retail sales. In 2011, consumer spending was 130 million with 16.5 million units sold – this represented a loss of about 20 per cent. Kiosks are not yet substantially involved in BD.

Online distribution

In 2011, online video revenues increased more than three times compared to 2010 thanks to the wide range of online offers (Streaming/EST) by both international and local operators. However, the share of online video remains relatively low on the home entertainment market (0.4 per cent in 2010, 1.8 per cent in 2011). This is mainly due to the wide range of illegal content available online and also due to the relatively low broadband penetration in Italy.

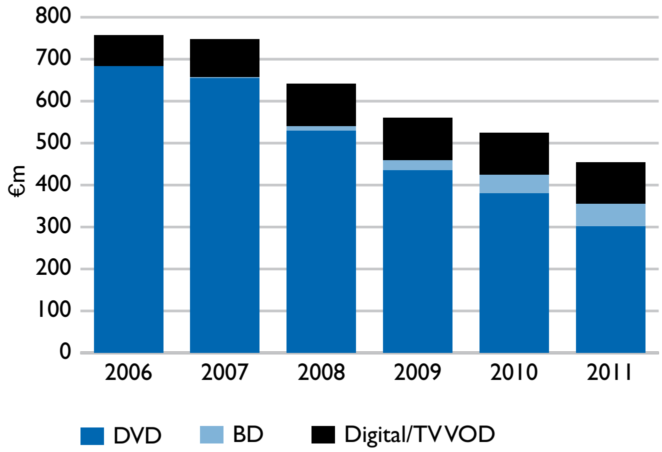
Other relevant developments

In 2011, 210.000 3D-Blu-ray discs were sold and sales of 3D-TV sets increased from 88.000 in 2010 to 437.000 in 2011. A further increase of this new format is forecasted over the next couple of years.

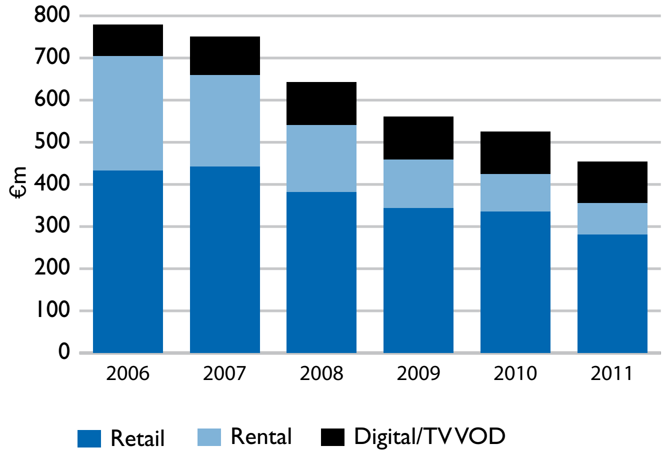
Expectations for initiatives against illegal content online by AGCOM, the Italian communications sector regulator, have been frustrated. After two public consultations on a draft regulation, which was deemed both "soft" and "balanced", the AGCOM commission broke up without fulfilling its task. A new Commission has been appointed but it remains to be seen whether it will be willing and able to achieve progress. This remains the main problem and severely handicaps the development of both the online and physical home entertainment markets in Italy.

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

Consumer spending by format



Consumer spending by sector



		2006	2007	2008	2009	2010	2011	10/11
EXCHANGE RATES								
Exchange rate: $1=	Euro	0.80	0.73	0.68	0.72	0.75	0.72	
GENERAL								
Population	m	59.0	59.3	59.6	59.9	60.1	60.3	0.3%
Households	m	22.8	23.0	23.1	23.2	23.3	23.5	0.6%
HARDWARE								
TV households	m	22.6	22.8	23.0	23.1	23.3	23.4	0.7%
DVD sector								
DVD Video player/recorder households	m	16.7	20.6	21.5	21.7	22.2	22.2	-0.1%
Penetration of TV households	%	74.0	90.3	93.6	93.8	95.3	94.6	
DVD console households	m	3.7	4.0	3.9	4.0	3.8	3.8	0.8%
Penetration of TV households	%	16.4	17.4	17.2	17.1	16.4	16.4	
BD sector								
BD standalone player households	m	0.000	0.004	0.029	0.11	0.40	1.38	244.2%
Penetration of TV households	%	0.000	0.016	0.1	0.5	1.7	5.9	
PS3 console households	m		0.29	0.57	0.96	1.33	1.69	27.5%
Penetration of TV households	%		1.3	2.5	4.1	5.7	7.2	

Total video software market

		2006	2007	2008	2009	2010	2011	10/11
TRADE LEVEL PHYSICAL VIDEO *Total market figures include revenues from legacy formats not broken out separately (eg, VHS, HD-DVD, UMD) where relevant.*								
Total revenues from video software	Euro m	393.7	390.4	329.0	284.8	271.6	216.0	-20.5%
Total revenues from retail video	Euro m	322.3	326.0	287.5	254.3	244.0	197.1	-19.2%
Total revenues from rental video	Euro m	71.4	64.4	41.5	30.4	27.7	18.9	-31.5%

Video market: Italy

		2006	2007	2008	2009	2010	2011	10/11
CONSUMER LEVEL PHYSICAL VIDEO								
Total market figures include revenues from legacy formats not broken out separately (eg,VHS, HD-DVD, UMD) where relevant.								
Total revenues from video software	Euro m	704.1	660.6	541.1	458.4	425.3	355.1	-16.5%
Total revenues from retail video	Euro m	432.1	442.4	380.6	343.7	335.5	281.0	-16.2%
Total revenues from rental video	Euro m	272.0	218.3	160.5	114.6	89.9	74.1	-17.6%

		2006	2007	2008	2009	2010	2011	10/11
CONSUMER LEVEL DIGITAL VIDEO								
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.								
Total spending on digital video	Euro m	0.2	0.5	0.6	0.9	1.9	8.2	324.0%
CONSUMER LEVEL TV VOD								
The delivery of movies and TV content on a transactional (VoD, NVoD/PPV) basis via cable/satellite/IPTV services.								
Total spending on TV VOD	Euro m	75.0	90.3	101.5	101.4	98.2	90.4	-8.0%

Retail video market

		2006	2007	2008	2009	2010	2011	10/11
Outlets stocking retail video	no.	642	600	550	550	540	520	
Retail chains with 10 or more outlets	no.	23	22	22	22	21	18	
Kiosks stocking retail video	no.	38,930	38,930	38,930	37,373	35,878	34,084	
Trade level: DVD retail								
Revenues from retail DVD	Euro m	318.6	322.0	275.9	239.1	218.1	168.8	-22.6%
Retail DVD units shipped to trade	m	35.4	35.2	30.7	27.9	25.6	21.5	-15.9%
Average trade price	Euro	9.00	9.16	9.00	8.56	8.53	7.85	-8.0%
Number of titles released	no.	5,061	5,010	5,010	5,000	4,900	4,800	
Trade level: BD retail								
Revenues from retail BD	Euro m		3.1	11.3	15.2	25.9	28.3	9.3%
Retail BD units shipped to trade	m		0.2	0.7	1.0	2.1	2.3	12.2%
Average trade price	Euro		17.18	16.66	15.04	12.39	12.07	-2.6%
Number of titles released	no.		16	168	263	263	500	
Consumer level: DVD retail								
Spending on retail DVD	Euro m	423.0	435.8	368.3	320.6	295.3	232.1	-21.4%
Retail DVDs sold to consumers	m	34.2	34.6	29.8	27.3	25.2	20.7	-17.8%
Average consumer price	Euro	12.38	12.58	12.36	11.76	11.71	11.20	-4.3%
Consumer level: BD retail								
Spending on retail BD	Euro m	0.029	3.4	10.9	23.1	40.2	48.9	21.7%
Retail BDs sold to consumers	m	0.001	0.12	0.41	1.0	2.0	2.6	26.1%
Average consumer price	Euro	25.30	27.47	26.65	24.06	19.82	19.12	-3.5%

Rental video market

		2006	2007	2008	2009	2010	2011	10/11
Rental video market data includes both store-based rental and physical rent-by-mail operations where relevant.								
Video rental outlets	no.	2,800	2,800	2,200	2,100	1,950	1,400	
Rental chains with 10 or more outlets	no.	23	23	23	23	18	12	
Trade level: DVD rental								
Revenues from rental DVD	Euro m	71.4	64.4	40.8	30.1	25.2	16.5	-34.6%
Rental DVD units shipped to trade	m	2.30	2.00	1.93	1.49	1.11	0.93	-16.7%
Average trade price	Euro	31.04	32.20	21.14	20.15	22.63	17.76	-21.5%
Number of titles released	no.	400	375	350	320	290	276	
Trade level: BD rental								
Revenues from rental BD	Euro m			0.75	0.33	2.45	2.46	0.4%
Rental BD units shipped to trade	m			0.03	0.01	0.11	0.13	17.0%
Average trade price	Euro			24.80	23.68	22.62	19.40	-14.2%
Number of titles released	no.			175	160	250	238	
Consumer level: DVD rental								
Spending on DVD rental	Euro m	260.0	218.0	160.3	114.1	85.1	69.3	-18.6%
DVD rental transactions	m	81.8	75.2	55.3	42.8	31.9	28.9	-9.5%
Average rental price	Euro	3.18	2.90	2.90	2.67	2.67	2.40	-10.0%
Consumer level: BD rental								
Spending on BD rental	Euro m		0.05	0.16	0.51	4.75	4.77	0.4%
BD rental transactions	m		0.01	0.04	0.14	1.30	1.32	1.5%
Average rental price	Euro		4.00	4.00	3.65	3.65	3.61	-1.1%

Source: IHS Screen Digest/IVF/Univideo/Prometeia
Population and household figures: IHS Global Insight
Note: Distributor level excludes and consumer level includes VAT/sales tax.

Retail DVD through news kiosks

		2006	2007	2008	2009	2010	2011	10/11
DVD consumer sales from kiosks	m	36.4	36.7	31.2	23.8	20.1	16.5	-17.9%
Average DVD kiosk sales price	Euro	8.24	8.34	8.35	8.43	8.18	7.89	-3.5%
Total DVD kiosk consumer spending	Euro m	300.0	306.0	260.5	200.7	164.4	130.2	-20.8%

Source: Univideo/Prometeia
Note: Kiosk refers to street corner newspaper kiosk or similar specialist retailer which also stocks video product.

DVD retail top 10

Rank	Title	Distributor
1	Rapunzel: L'intreccio della torre	Walt Disney
2	Harry Potter e i doni della morte: Parte 1	Warner Bros.
3	Cars 2	Walt Disney
4	Harry Potter e i doni della morte: Parte 2	Warner Bros.
5	Benvenuti al Sud	Medusa Video
6	Pirati dei caraibi: Oltre i confini del mare	Walt Disney
7	Cattivissimo me	Universal Pictures
8	Il Re Leone	Walt Disney
9	Che bella Giornata	Medusa Video
10	La bella e la Bestia	Walt Disney

Source: Univideo/Prometeia
Notes:
1. Ranking based on retail sales by value
2. Units sold based on available data

Blu-ray Disc retail top 10

Rank	Title	Distributor
1	Star Wars: La saga completa	Twentieth Century Fox
2	Il Signore degli anelli: La trilogia cinematografica	Medusa Video
3	Harry Potter e i doni della morte: Parte 1	Warner Bros.
4	Pirati dei caraibi: Oltre i confini del mare	Walt Disney
5	Tron Legacy	Walt Disney
6	Inception (Combo Pack)	Warner Bros.
7	Avatar	Twentieth Century Fox
8	Harry Potter e i doni della morte: Parte 2	Warner Bros.
9	Rapunzel: L'intreccio della torre	Walt Disney
10	Thor	Universal Pictures

Source: Univideo/Prometeia
Notes:
1. Ranking based on retail sales by value
2. Units sold based on available data

Combined DVD & Blu-ray Disc retail top 10

Rank	Title	Distributor
1	Harry Potter e i doni della morte: Parte 1	Warner Bros.
2	Rapunzel: L'intreccio della torre	Walt Disney
3	Harry Potter e i doni della morte: Parte 2	Warner Bros.
4	Cars 2	Walt Disney
5	Pirati dei caraibi: Oltre i confini del mare	Walt Disney
6	Star Wars: La Saga Completa	Twentieth Century Fox
7	Cattivissimo me	Universal Pictures
8	Benvenuti al Sud	Medusa Video
9	Inception (Combo Pack)	Warner Bros.
10	Avatar	Twentieth Century Fox

Source: Univideo/Prometeia
1. Ranking based on retail sales by value
2. Units sold based on available data