United Kingdom

United Kingdom: key data

Population	62.6m
TV households	27.3m
DVD households (penetration)	88.0%
Blu-ray households (penetration)	17.6%
Distributors revenues from video software	£ 1bn / € 1.25bn
Comparison with 2011 (local currency)	-24.1%
DVD/ Blu-ray Disc split	€ 1bn / € 213.4m
Video software rental/retail split (%)	4/96
Consumer spending on video software	£ 1.8bn / € 2.2bn
Comparison with 2011 (local currency)	-10.9%
DVD/ Blu-ray Disc split	€ 1.9bn / € 350.8m
Video software rental/retail split (%)	14/86
Consumer spending on digital video and TV VOD	£ 510.4m / € 554.2m
Comparison with 2011 (local currency)	45.4%
Digital video/TV VOD split (%)	55 / 45

General

Despite the UK's challenging trading conditions, the value of the video entertainment sector stood at £2.3 billion in consumer expenditure by the end of 2012. This was a fall of just 2.7% on the previous year, resulting from the fact that a 53% increase in spend on digital video, according to IHS, did not compensate for the 11% decline in the amount people spent on buying and renting discs.

Although the sustained squeeze on disposable income hit entertainment retailers such as HMV, Blockbuster and Play.com, renting and buying DVDs and Blu-ray Discs accounted for some 80% of total paid-for video viewing in 2012. This compares very favourably with the 20% share taken by digital retail and rental services. For consumers, however, these are not mutually exclusive. 29% of consumers predict that they will purchase both physical and digital content in the coming year.

Blu-ray and DVD

Fewer high street retailers have resulted in less physical stock requirement. Since the DVD peak in 2007, the high street has seen the loss of Woolworths, Virgin/Zavvi and a more recent reduction in store numbers at HMV and Blockbuster. This, combined with a move towards digital consumption, is slowly altering the pattern of shipments. Supermarkets have the greatest market share in the UK, followed closely by online sales, yet HMV continued to be the single biggest video retailer in 2012.

Blu-ray's share of all video retail expenditure, including digital retail, grew by 2 percentage points to 14% during 2012 and its value sales were up 2.8%. Its 9% rise in volume sales shows how average Blu-ray prices fell over the same period. At the same time, DVDs continued their decline in market share from 83% in 2011 to 80%, with a reduction in consumer spend of almost 14% and a fall in volumes of over 15% and this was the key driver of the overall video retail sector's decline last year.

DVD dominates the rental market although Blu-ray's share continues to increase, while online rentals increased their lead over store rentals, partly as a result of Blockbuster's decreasing store base, even before it fell into administration in early 2013. LOVEFiLM leads in disc rentals and benefits also from a strong presence in the digital market with its subscription VoD service. Fewer people rented discs in 2012 as they moved to these digital services, with 86.8 million disc rental transactions recorded, down 9.7% in volume and 5.5% in value. However, overall the rental market value grew strongly, due to the increasing popularity of TV and internet-based VoD services, which overtook the physical rental market for the first time.

Online distribution

The UK digital video landscape saw substantial growth during 2012, generating £510.4 million (€554.2 million) in revenue, up an impressive 45% on 2011, making it the fastest growth area for video entertainment. The rapid up-take of digital has been driven by a several factors, including the introduction of new services in 2012, such as the launch of Netflix and the rising level of ownership of connected devices. Demand for tablets rocketed in 2012, boosted by the launch of cheaper 7" (18cm) screens, which made the devices affordable to a wider audience.

In the BVA's annual consumer survey 44% of the British population claimed to have used paid-for digital video services, of which there are around 45 in the UK online market. Rental propositions have by far the biggest share of digital transactions and value, due to the household penetration of TV-based services. This channel is dominated by Sky, which now offers pay-per-view as well as subscription services, but most recently launched an open-internet VoD service for access on mobile devices. The star performer in 2012 was the sVoD business, with the launch of Netflix and Sky Now joining LOVEFiLM and stimulating consumer up-take through high profile TV advertising campaigns.

Other developments

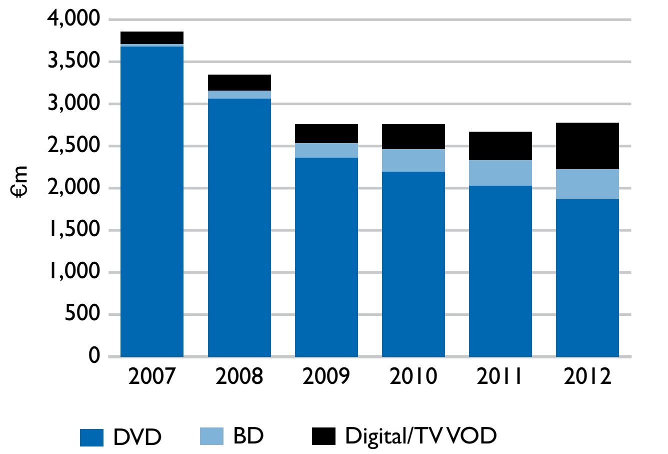
By the end of 2012 around 12 million discs had been sold with an UltraViolet digital copy, the industry's innovative cloud-based digital locker system, which enables consumers to store and access copies of discs they have bought on multiple devices. The BVA began planning trade and consumer campaigns for digital ownership and collections, which will be launched through national media when retailers' digital lockers services are ready to go live, most likely in early 2014.

Copyright theft

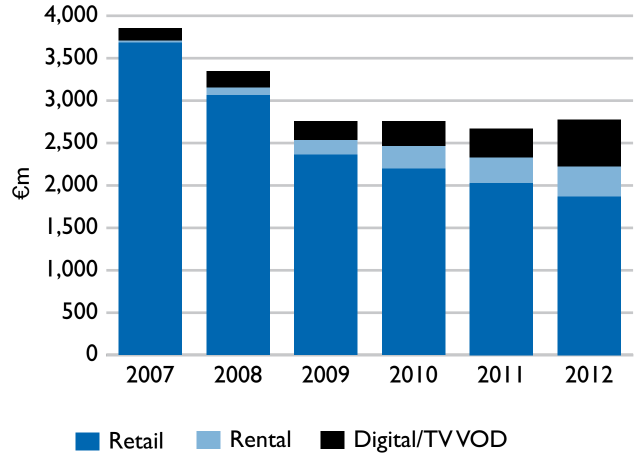
According to a variety of studies carried out by industry and by Ofcom, the level of public engagement with infringing activity has been held steady in the last 12 months. This can be attributed to a number of factors. Although the UK Digital Economy Act 2010 has still not been implemented, Government has facilitated more constructive dialogue with platforms and ISPs, while industry has successfully prosecuted, taken down and blocked some notable illegal websites. A reduction in advertising revenues to infringing sites has also been achieved by dealing directly with brand advertisers. This enforcement activity, our continued high-profile public awareness campaigns and the growth of digital services is helping to steer audiences towards consumption of legal content.

This commentary was provided by BVA, the British Video Association. Small differences between data in the IVF and BVA yearbooks are due to exchange rates and timing of data collection.

Consumer spending by format



Consumer spending by sector



		2007	2008	2009	2010	2011	2012	12/11
EXCHANGE RATES								
Exchange rate: Euro 1=	£	0.68	0.80	0.89	0.86	0.87	0.81	
Exchange rate: $1=	£	0.50	0.54	0.64	0.65	0.62	0.63	
Exchange rate: $1=	Euro	0.73	0.68	0.72	0.75	0.72	0.78	
GENERAL								
Population	m	60.9	61.2	61.6	61.9	62.2	62.6	0.5%
Households	m	26.4	26.5	26.7	27.0	27.2	27.5	0.9%
HARDWARE								
TV households	m	26.1	26.3	26.5	26.8	27.0	27.3	1.0%
DVD sector								
DVD Video player/recorder households	m	22.1	23.4	24.2	24.2	24.2	24.0	-0.7%
Penetration of TV households	%	84.6	88.9	91.3	90.3	89.5	88.0	
DVD console households	m	9.0	9.7	10.6	11.4	11.6	10.8	-6.8%
Penetration of TV households	%	34.4	37.1	40.1	42.5	43.0	39.7	
BD sector								
BD standalone player households	m	0.017	0.301	0.990	2.058	3.354	4.794	42.9%
Penetration of TV households	%	0.067	1.145	3.736	7.693	12.412	17.571	
PS3 console households	m	0.9	1.9	3.0	3.9	4.7	5.2	11.6%
Penetration of TV households	%	3.6	7.3	11.2	14.4	17.3	19.2	

Total video software market

		2007	2008	2009	2010	2011	2012	12/11
CONSUMER LEVEL ALL VIDEO *Total market figures include spending on both physical and digital video*								
Total spending on all video	£ m	2,644.5	2,686.2	2,484.3	2,423.3	2,374.4	2,312.5	-2.6%
Total spending on all video	Euro m	3,860.5	3,357.8	2,757.8	2,758.4	2,670.0	2,776.3	4.0%

Total video software market

		2007	2008	2009	2010	2011	2012	12/11
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	£ m	1,526.5	1,459.0	1,388.7	1,417.4	1,343.5	1,019.2	-24.1%
Total revenues from video software	Euro m	2,229.1	1,832.1	1,557.4	1,650.3	1,547.5	1,256.7	-18.8%
Total revenues from retail video	£ m	1,481.6	1,411.1	1,349.0	1,378.4	1,302.1	983.5	-24.5%
Total revenues from retail video	Euro m	2,163.6	1,772.0	1,512.9	1,604.8	1,499.7	1,212.7	-19.1%
Total revenues from rental video	£ m	44.9	47.9	39.7	39.1	41.5	35.7	-14.0%
Total revenues from rental video	Euro m	65.5	60.1	44.5	45.5	47.8	44.0	-7.9%

		2007	2008	2009	2010	2011	2012	12/11
CONSUMER LEVEL PHYSICAL VIDEO								
Total market figures include spending on legacy formats not broken out separately (eg, VHS, HD-DVD, UMD) where relevant.								
Total spending on video software	£ m	2,541.2	2,520.6	2,260.3	2,117.0	2,023.4	1,802.2	-10.9%
Total spending on video software	Euro m	3,710.9	3,165.2	2,534.8	2,464.8	2,330.5	2,222.2	-4.7%
Total spending on retail video	£ m	2,246.4	2,237.0	1,975.4	1,839.3	1,748.9	1,542.7	-11.8%
Total spending on retail video	Euro m	3,280.4	2,809.1	2,215.4	2,141.4	2,014.4	1,902.3	-5.6%
Total spending on rental video	£ m	294.8	283.6	284.8	277.7	274.4	259.4	-5.5%
Total spending on rental video	Euro m	430.5	356.1	319.4	323.3	316.1	319.9	1.2%

		2007	2008	2009	2010	2011	2012	12/11
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	£ m	5.2	34.2	70.7	143.8	164.4	282.5	71.9%
Total spending on digital video	Euro m	6.3	27.5	51.1	104.5	124.4	273.2	119.6%
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	£ m	98.1	131.5	153.3	162.5	186.7	227.9	22.1%
Total spending on TV VOD	Euro m	143.3	165.1	171.9	189.1	215.0	281.0	30.7%

Retail video market

		2007	2008	2009	2010	2011	2012	12/11
Outlets stocking retail video	no.	6,250	6,000	4,750	4,850	4,905	5,010	
Retail chains with 10 or more outlets	no.	40	35	34	32	32	32	
Kiosks stocking retail video	no.							
Trade level: DVD retail								
Revenues from retail DVD	£ m	1,459.8	1,341.2	1,239.7	1,209.9	1,120.3	819.1	-26.9%
Revenues from retail DVD	Euro m	2,131.8	1,684.2	1,390.3	1,408.6	1,290.4	1,010.0	-21.7%
Retail DVD units shipped to trade	m	267.1	245.3	243.1	226.5	208.1	162.3	-22.0%
Average trade price	£	5.47	5.47	5.10	5.34	5.38	5.05	-6.3%
Average trade price	Euro	7.98	6.87	5.72	6.22	6.20	6.22	0.4%
Number of titles released	no.	9,839	9,365	7,581	7,135	6,727	6,388	-5.0%
Trade level: BD retail								
Revenues from retail BD	£ m	15.707	67.1	108.9	168.5	181.8	164.4	-9.5%
Revenues from retail BD	Euro m	22.937	84.2	122.1	196.2	209.3	202.8	-3.1%
Retail BD units shipped to trade	m	1.314	5.4	10.0	15.2	16.7	16.9	1.6%
Average trade price	£	11.96	12.34	10.86	11.10	10.91	9.72	-11.0%
Average trade price	Euro	17.46	15.50	12.18	12.92	12.57	11.98	-4.7%
Consumer level: DVD retail								
Spending on retail DVD	£ m	2,226.9	2,164.4	1,839.2	1,639.5	1,525.9	1,313.7	-13.9%
Spending on retail DVD	Euro m	3,251.9	2,717.9	2,062.6	1,908.8	1,757.5	1,619.8	-7.8%
Retail DVDs sold to consumers	m	248.1	252.9	234.6	210.1	191.8	162.0	-15.5%
Average consumer price	£	8.98	8.56	7.84	7.80	7.96	8.11	1.9%
Average consumer price	Euro	13.11	10.75	8.79	9.08	9.17	10.00	9.1%
Consumer level: BD retail								
Spending on retail BD	£ m	15.619	65.3	135.4	199.4	222.8	228.9	2.8%
Spending on retail BD	Euro m	22.808	82.0	151.8	232.2	256.6	282.2	10.0%
Retail BDs sold to consumers	m	0.818	3.7	8.4	13.0	15.3	16.7	8.9%
Average consumer price	£	19.08	17.44	16.20	15.38	14.51	13.70	-5.6%
Average consumer price	Euro	27.87	21.89	18.17	17.90	16.71	16.89	1.0%

Rental video market

		2007	2008	2009	2010	2011	2012	12/11
Rental video market data includes both store-based rental and physical rent-by-mail operations where relevant.								
Video rental outlets	no.	2,500	2,100	1,900	1,600	1,500	1,300	-13.3%
Rental chains with 10 or more outlets	no.	1	1	1	1	1	1	
Trade level: DVD rental								
Revenues from rental DVD	£ m	44.9	47.9	37.8	33.3	32.5	27.1	-16.7%
Revenues from rental DVD	Euro m	65.5	60.1	42.4	38.7	37.4	33.4	-10.8%
Rental DVD units shipped to trade	m	4.4	4.5	3.8	3.4	3.5	2.9	-17.0%
Average trade price	£	10.14	10.55	9.88	9.74	9.22	9.26	0.4%
Average trade price	Euro	14.80	13.24	11.08	11.34	10.62	11.41	7.5%
Number of titles released	no.	439	445	426	384	403	317	-21.3%
Trade level: BD rental								
Revenues from rental BD	£ m			1.9	5.8	9.0	8.6	-4.2%
Revenues from rental BD	Euro m			2.13	6.75	10.34	10.61	2.6%
Rental BD units shipped to trade	m			0.15	0.49	0.78	0.81	3.4%
Average trade price	£			12.26	11.89	11.48	10.63	-7.4%
Average trade price	Euro			13.75	13.84	13.22	13.11	-0.8%
Number of titles released	no.			141	127	131	146	11.5%
Consumer level: DVD rental								
Spending on DVD rental	£ m	293.8	276.1	267.5	248.3	236.9	203.8	-14.0%
Spending on DVD rental	Euro m	429.1	346.7	300.0	289.1	272.9	251.3	-7.9%
DVD rental transactions	m	97.7	93.1	91.9	83.2	83.0	68.4	-17.5%
Average rental price	£	3.01	2.96	2.91	2.98	2.85	2.98	4.3%
Average rental price	Euro	4.39	3.72	3.26	3.48	3.29	3.67	11.7%
Consumer level: BD rental								
Spending on BD rental	£ m	0.97	7.49	17.37	29.43	37.54	55.59	48.1%
Spending on BD rental	Euro m	1.42	9.40	19.48	34.26	43.24	68.55	58.5%
BD rental transactions	m	0.32	2.48	5.87	9.82	13.16	18.37	39.6%
Average rental price	£	3.01	3.02	2.96	3.00	2.85	3.03	6.1%
Average rental price	Euro	4.39	3.79	3.32	3.49	3.29	3.73	13.6%

Source: IHS/IVF/BVA
Population and household figures: IHS Global Insight
Notes:
1.Distributor level excludes and consumer level includes VAT/sales tax.
2. Historical numbers in the UK section of this yearbook differ from those published in previous years owning to a change in the BVA's data collection methodology. This change reduced the overall value of consumer level physical video between 2007 and 2011. In addition to this, IHS has restated the historically recorded size of the UK's physical video rental market. This change follows further research into the size of the store-based rental market. These changes have impacted the total physical market at a European level. As a result historical numbers stated in the European section differ from previous yearbooks.
3. UK digital video numbers will differ from those reported in the BVA yearbook owing to historical reporting corrections made by some digital providers.

Retail market by genre

	% share all video	% share DVD	% share Blu-ray Disc
Children's	12.0	17.0	6.0
Feature film	56.0	62.0	85.0
Music	2.0	2.0	1.0
Sport & Fitness	2.0	1.0	1.0
TV programming	24.0	15.0	6.0
Other	4.0	3.0	1.0

Source: British Video Association (BVA)

Blu-ray Disc retail top 10

Rank	Title	Distributor
1	The Dark Knight Rises	Warner Bros.
2	Avengers Assemble	Walt Disney
3	Prometheus	Twentieth Century Fox
4	Sherlock Holmes - A Game of Shadows	Warner Bros.
5	The Amazing Spider-Man	Sony Pictures
6	The Hunger Games	Elevation
7	The Twilight Saga - Breaking Dawn - Pt 1	Eone
8	Harry Potter and the Deathly Hallows: Part 2	Warner Bros.
9	Ted	Universal Pictures
10	Mission Impossible - Ghost Protocol	Paramount Pictures

Source: British Video Association (BVA)/Official UK Charts
Notes: 1. Ranking based on retail sales by volume
2. Units sold based on available data

DVD retail top 10

Rank	Title	Distributor
1	The Dark Knight Rises	Warner Bros.
2	The Twilight Saga - Breaking Dawn - Pt 1	Eone
3	Ted	Universal Pictures
4	Avengers Assemble	Walt Disney
5	Mrs Brown's Boys	Universal Pictures
6	War Horse	Walt Disney
7	The Best Exotic Marigold Hotel	Twentieth Century Fox
8	Mrs Brown's Boys - Series Two	Universal Pictures
9	The Hunger Games	Elevation
10	Ice Age 4 - Continental Drift	Twentieth Century Fox

Source: British Video Association (BVA)/Official UK Charts
Notes: 1. Ranking based on retail sales by volume
2. Units sold based on available data