United Kingdom

United Kingdom: key data

Population	62.9m
TV households	27.5m
DVD Video player/recorder penetration	85.6%
Blu-ray Disc player/recorders penetration	25.8%
Consumer spending on physical video software	£ 1.6bn / € 1.9bn
Comparison with 2012 (local currency)	-10.1%
DVD/ Blu-ray Disc split	€ 1.5bn / € 340.3m
Video software rental/retail split (%)	9 / 91
Consumer spending on digital video and TV VOD	£ 538.9m / € 634.3m
Comparison with 2012 (local currency)	50.3%
TV VOD/ Digital video split (%)	29 / 71

General

Through the aggregation of consumer expenditure on all video formats – rental and retail, digital and physical – the UK market value can been seen to have held up in 2013, as a 0.5 per cent rise was recorded over the previous year. Because digital transactions are not yet monitored, the retail revenues for EST and VOD have to be estimated; they are calculated to have contributed to an increase in total value of £2.245 billion, including subscription-Video-on-Demand, which grew by 45 per cent, revitalising the video rental market.

Nevertheless, over 22 million consumers bought physical discs last year, representing 73 per cent of consumers' expenditure on all video entertainment. Research shows that stores accounted for 88 per cent of impulse purchases, while people mainly use the internet for planned purchases such as gifts.

Blu-ray and DVD

Video entertainment is still dominated by disc sales, rather than rentals, with more than 162 million units sold in 2013, despite the reduced number of retailers on the high street. Supermarkets have almost doubled their market share to 43 per cent of all disc sales in the last 10 years, to become the largest group of video retailers in the UK.

Video sales on all platforms were worth £1.56 billion and of this, 92 per cent were physical discs, amounting to £1.44 billion in retail value, down by almost 7 per cent, due to falling DVD sales.

Meanwhile demand for Blu-ray Discs grew 10 per cent, taking Blu-ray's share of the physical retail market to 18 per cent. The continued growth in the sales of jumbo TV screens means high-definition formats provide the best picture quality to enjoy video content at home.

UltraViolet and other forms of digital copy (iTunes and GooglePlay) are increasingly sold on discs, with over 400 titles released on the UK market by the end of 2013 that allow consumers to store a copy in the cloud and play back on their mobile devices. In 2013 there were 1.1 million UltraViolet accounts in the UK and this was achieved before any British UV retail service has been launched.

The rental market looks rather different in the UK. The BVA includes all physical and digital video services in its calculations; the combined rental value for 2013 is estimated to be worth £681 million, a growth of 15 per cent over 2012. Of this, consumers spent £197 million renting a disc in 2013, down from £260 the previous year.

DVD still dominates the disc rental market but shipments of both Blu-ray and DVD fell in 2013 by 38 per cent. Blockbuster went into administration at the start of the year and closed its remaining 91 stores in December, which contributed to total the decline of over-the-counter transactions from £107 million in 2012 to £44 million in 2013. Online disc rental transactions remained steady and consumers spent £153 million on services such as Lovefilm, which took 52.3 per cent of transactions, while Blockbuster finished with 20 per cent of the DVD and Blu-ray Disc rental market.

Online distribution

The physical and digital overlap between video retail and rental consumption grew in the UK, from 14.5 per cent to 19.2 per cent, according to feedback from Kantar Worldpanel. In-depth research conducted on the BVA's behalf amongst video consumers also shows a shift in user attitudes towards ownership. The ability to access video content either on a pay-per-view basis or as part of a subscription service feels like "ownership" to some, even though they don't technically own a copy. The right to view is as important as the rights to view, which is likely to stimulate a continuing evolution in digital services towards rental models. The UK digital video market is valued at £600 million in 2013, taking 27 per cent of the total video entertainment market.

EST's market value rose 27 per cent year on year, according to IHS, with Apple's iTunes still leading the sector due to the familiarity and appeal of their mobile devices. Tesco's Blinkbox, Google's Play Store and Xbox Live came in second, third and fourth. Many video distributors have supported an early digital release strategy by making a download-to-own version available two to three weeks ahead of the physical release of a film title. EST transactions are estimated to have been worth £130 million in 2013.

The UK's digital video rental, or Video-on-Demand, market was valued at £480 million last year, with the lion's share being the £281 million spent on subscription VoD services, most notably Lovefilm with 48.5 per cent and Netflix with 45.1% of the sVoD sector, according to respondents to Kantar Worldpanel.

Transactional VoD increased by 17 per cent over 2013, taking this sector to £202 million of consumer expenditure. 33 per cent of consumers' digital video spend went on internet- and TV-based services, the latter being dominated by Sky, Virgin and BT's offerings. IHS reckons transactions through these services rose 17% and spending increased 16 per cent to £156 million last year. Open internet rental services are provided by the iTunes Store, Xbox and Sony Entertainment Network, with Google Play increasing its small share. Users were estimated to have spent £46 million on these services in 2013.

Other developments

Audience research carried out on behalf of the Industry Trust for IP Awareness, the UK's consumer copyright education body set up by the BVA 10 years ago, suggests that our national campaigns are continuing to constrain digital copyright theft, helping to steer consumers away from infringing services.

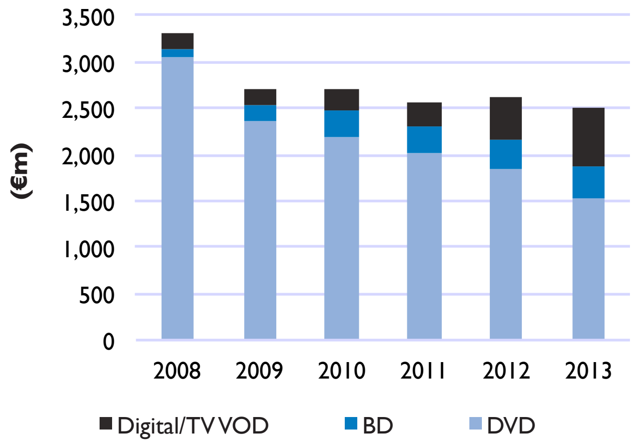
Legal action has enabled illegal sites to be blocked and many more infringing websites have been taken down by the Federation Against Copyright Theft, which worked with other sectors and the City of London Police to set up PIPCU, the Police Intellectual Property Crime Unit, funded by the UK IP Office. This initiative provides police with criminal intelligence for enforcement action and also hosts a list of seriously infringing websites which brands can reference to avoid spending advertising budgets on illegal sites.

Industry negotiations with ISPs over many months has resulted in a voluntary copyright alert programme being launched with Government support in place of the Digital Economy Act, which has not been implemented since it was passed in 2010.

This commentary was provided by Lavinia Carey for the BVA

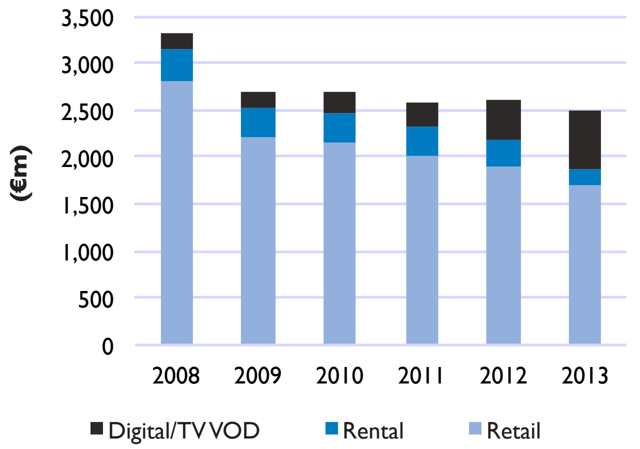
Video market: United Kingdom

Consumer spending by format



Source: IHS/IVF/BVA © 2014 IHS

Consumer spending by sector



Source: IHS/IVF/BVA © 2014 IHS

		2008	2009	2010	2011	2012	2013	12/13
EXCHANGE RATES								
Exchange rate: Euro 1=	£	0.80	0.90	0.86	0.87	0.81	0.85	
Exchange rate: $1=	£	0.54	0.64	0.65	0.62	0.63	0.64	
Exchange rate: $1=	Euro	0.68	0.72	0.75	0.72	0.78	0.75	
GENERAL								
Population	m	61.2	61.6	61.9	62.2	62.6	62.9	0.5%
Households	m	26.5	26.7	27.0	27.2	27.5	27.7	0.9%
HARDWARE								
TV households	m	26.3	26.5	26.8	27.0	27.3	27.5	0.9%
DVD sector								
DVD Video player/recorder households	m	23.6	24.4	24.4	24.4	24.2	23.6	-2.7%
Penetration of TV households	%	89.7	92.1	91.1	90.4	88.8	85.6	-3.6%
DVD console households	m	9.7	10.6	11.4	11.6	10.9	9.2	-15.7%
Penetration of TV households	%	37.1	40.1	42.5	43.0	39.8	33.2	-16.5%
BD sector								
BD standalone player households	m	0.3	1.0	2.1	3.4	4.8	7.1	48.3%
Penetration of TV households	%	1.1	3.7	7.7	12.4	17.6	25.8	46.9%
PS3 console households	m	1.9	3.0	3.9	4.7	5.2	6.2	17.6%
Penetration of TV households	%	7.3	11.2	14.4	17.3	19.2	22.3	16.5%

Total video software market

		2008	2009	2010	2011	2012	2013	12/13
CONSUMER LEVEL ALL VIDEO *Total market figures include spending on both physical and digital video*								
Total spending on video	£ m	2,657.6	2,422.9	2,314.9	2,232.6	2,122.7	2,124.6	0.1%
Total spending on video	Euro m	3,321.6	2,706.1	2,698.1	2,570.6	2,618.7	2,500.6	-4.5%

		2008	2009	2010	2011	2012	2013	12/13
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	2,521.7	2,260.6	2,117.2	2,011.0	1,764.1	1,585.6	-10.1%
Total spending on video software	Euro m	3,151.7	2,524.9	2,467.6	2,315.4	2,176.4	1,866.3	-14.2%
Total spending on retail video	£ m	2,238.1	1,975.8	1,839.4	1,749.1	1,542.7	1,438.0	-6.8%
Total spending on retail video	Euro m	2,797.3	2,206.7	2,143.9	2,013.9	1,903.2	1,692.5	-11.1%
Total spending on rental video	£ m	283.6	284.8	277.7	261.9	221.4	147.6	-33.3%
Total spending on rental video	Euro m	354.4	318.1	323.7	301.6	273.1	173.8	-36.4%

		2008	2009	2010	2011	2012	2013	12/13
Owing to a definitional change, digital video and TV VOD numbers may differ from those published in the 2012 IVF Yearbook.								
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	21.9	45.6	89.8	108.0	226.1	384.4	70.0%
Total spending on digital video	Euro m	27.3	50.9	104.7	124.4	278.9	452.5	62.2%
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	114.1	116.7	108.0	113.6	132.5	154.5	16.7%
Total spending on TV VOD	Euro m	142.6	130.3	125.8	130.8	163.4	181.9	11.3%

Retail video market

		2008	2009	2010	2011	2012	2013	12/13
Outlets stocking retail video	no.	6,000	4,750	4,850	4,905	5,010		
Retail chains with 10 or more outlets	no.	35	34	32	32	32	32	
Kiosks stocking retail video	no.							
Consumer level: DVD retail								
Spending on retail DVD	£ m	2,164.4	1,839.2	1,639.5	1,525.9	1,313.7	1,186.2	-9.7%
Spending on retail DVD	Euro m	2,705.2	2,054.2	1,910.9	1,756.9	1,620.6	1,396.1	-13.9%
Retail DVDs sold to consumers	m	252.9	234.6	210.1	191.8	162.0	143.4	-11.5%
Average consumer price	£	8.56	7.84	7.80	7.96	8.11	8.27	2.0%
Average consumer price	Euro	10.70	8.76	9.09	9.16	10.00	9.74	-2.7%
Consumer level: BD retail								
Spending on retail BD	£ m	65.3	135.4	199.4	222.8	228.9	251.8	10.0%
Spending on retail BD	Euro m	81.7	151.2	232.4	256.5	282.4	296.4	5.0%
Retail BDs sold to consumers	m	3.7	8.4	13.0	15.3	16.7	18.8	12.4%
Average consumer price	£	17.44	16.20	15.38	14.51	13.70	13.40	-2.1%
Average consumer price	Euro	21.79	18.09	17.92	16.71	16.90	15.78	-6.6%

Rental video market

		2008	2009	2010	2011	2012	2013	12/13
Rental video market data includes both store-based rental and physical rent-by-mail operations where relevant.								
Video rental outlets	no.	2,100	1,900	1,600	1,500	1,300	720	
Rental chains with 10 or more outlets	no.	1	1	1	1	1		
Consumer level: DVD rental								
Spending on DVD rental	£ m	276.1	267.5	248.3	226.0	174.7	110.3	-36.9%
Spending on DVD rental	Euro m	345.1	298.7	289.4	260.2	215.6	129.8	-39.8%
DVD rental transactions	m	93.1	91.9	83.2	80.7	68.4	38.1	-44.3%
Average rental price	£	2.96	2.91	2.98	2.80	2.55	2.89	13.3%
Average rental price	Euro	3.71	3.25	3.48	3.23	3.15	3.41	8.1%
Consumer level: BD rental								
Spending on BD rental	£ m	7.49	17.37	29.43	35.95	46.66	37.36	-19.9%
Spending on BD rental	Euro m	9.36	19.40	34.30	41.39	57.56	43.97	-23.6%
BD rental transactions	m	2.48	5.87	9.82	12.82	18.37	12.81	-30.3%
Average rental price	£	3.02	2.96	3.00	2.80	2.54	2.92	14.9%
Average rental price	Euro	3.77	3.31	3.49	3.23	3.13	3.43	9.6%

Source: IHS/IVF/BVA
Population and household figures: IHS Global Insight
Note: Distributor level excludes and consumer level includes VAT/sales tax.
Note: Consumer level digital video and TV VOD figures may differ from locally published figures due to the application of different definitions.

Top 10 retail DVD titles

Rank	Title	Studio
1	Skyfall	20th Century Fox Home Entertainment
2	The Hobbit - An Unexpected Journey	Warner Home Video
3	Despicable Me 2	Universal Pictures
4	Les Miserables	Universal Pictures
5	The Twilight Saga - Breaking Dawn Part 2	Entertainment One
6	Monsters University	Walt Disney Studios
7	Despicable Me	Universal Pictures
8	Django Unchanined	Sony Pictures Home Entertainment
9	Taken 2	20th Century Fox Home Entertainment
10	Life of Pi	20th Century Fox Home Entertainment

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

Top 10 retail Blu-Ray Disc titles

Rank	Title	Studio
1	Skyfall	20th Century Fox Home Entertainment
2	The Hobbit - An Unexpected Journey	Warner Home Video
3	Star Trek - Into Darkness	Paramount Home Entertainment
4	Man of Steel	Warner Home Video
5	Iron Man 3	Walt Disney Studios
6	Les Miserables	Universal Pictures
7	Django Unchained	Sony Pictures Home Entertainment
8	Pacific Rim	Warner Home Video
9	Life of Pi	20th Century Fox Home Entertainment
10	Dredd	EIV

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

Retail markets by genre

Genre	% share of all video	% share of New catalogue	% share of New release
Film	63.07%	61.40%	66.53%
Children	18.43%	19.96%	15.24%
TV	13.44%	14.77%	10.69%
Music	1.83%	1.42%	2.68%
Spt/Hlth/Fit	1.37%	1.43%	1.27%
Other	1.85%	1.02%	3.59%

Source: British Video Association (BVA)