United Kingdom

United Kingdom: key data

Population	62.2m
TV households	25.9m
DVD households (penetration)	92.0%
Blu-ray households (penetration)	8.0%
Distributors revenues from physical video software	£ 1.4bn / € 1.6bn
Comparison with 2009 (local currency)	+2%
DVD/ Blu-ray Disc split	€ 1.4bn / € 202.9m
Video software rental/retail split (%)	3/97
Consumer spending on physical video software	£ 2.3bn / € 2.7bn
Comparison with 2009 (local currency)	-3.8%
DVD/ Blu-ray Disc split	€ 2.4bn / € 259.7m
Video software rental/retail split (%)	9/91

General

Against the continuing difficult economic and retail environment, demand for video entertainment in the UK was fairly flat in 2010, with the total value standing at £2.6 billion, including sales and rental on physical discs and digital platforms. Total volumes were somewhat lower, at just over 4.6% less than 2009 levels.

DVD and Blu-ray market

Retail DVD remained by far the most popular way of watching video, making up 86.7% of the retail sector by value. DVD is now a mature market and stand-alone DVD players are in over 90% of British households. This is followed by Blu-ray, whose standalone players are now in 8% of UK homes. Blu-ray Disc (BD) sales, which saw strong growth throughout the year, achieved a 9.7% share. Combined, however, DVD and BD took a slightly smaller overall share of all physical and digital video sales and rentals compared with the previous year – 80.6% versus 83.5% in 2009.

While Film titles continue to dominate the market, with 65.5% of volumes and 53.9% of retail sales, this is a smaller share than usual due to the strength of the TV and children's genre in 2010. Its sales value (26.1%) is almost double the volume share (14.1%) owing to the success of box-sets of TV series, where mostly British productions sit at the top of the 2010 chart.

Supermarkets increased their lead over e-tailers last year as their share of disc sales grew to 37.2% in value (up 2.7%) and 41.4% of volume sales (up 2% on 2009 shares). 28% of video buyers claim to specifically shop in supermarkets; 70% of respondents to the BVA's annual consumer study agreed that "supermarkets offer the best prices". The BVA also did some research into the use of price comparison websites, which have sprung up in recent years, and found that 25% of respondents claim to use them when browsing for DVD and BD titles. Blu-ray Disc's average price in 2010 was £16.19, down 3.9%, making it the cheapest it's ever been for consumers, while DVD reached £8.94, up 3.6%.

Physical rentals of DVD and Blu-ray Discs were also lower, at 8% of the total market in 2010 compared with 8.4% in 2009. Online disc rental (by post) overtook in-store rentals in value terms for the first time in 2010 and in volume transactions in 2009. LOVEFiLM is becoming a dominant force in the rental market, second only to Blockbuster's stores and online service in disc transactions, and has secured its future by developing its digital services through online streaming and apps created for television brands such as Sony and Samsung internet-connected TVs.

Online distribution

With fixed and mobile broadband penetration increasing each year and now accessible to around 70% of UK households, the popularity of digital services grew considerably in 2010, as more people chose to view content online and on TV Video-on-Demand platforms. Download-to-Own sales more than doubled from £35 million to £76.1 million (12.2 million transactions), while rental-style services grew in value by £3 million to £220.7 million (57.4 million transactions) last year.

The power of the internet to deliver video content in more flexible and portable ways is being driven by the growth of internet-connected TVs and other devices. 75.4% of BD players and 13.9% of TVs sold in Q4 2010 were web-enabled, adding a few million more to the many millions of games consoles, smart phones and other mobile devices on which people increasingly watch video down the line. In BVA consumer research the tablet was at the top of the list of desired technologies, with 7% of 13-79 year olds (3.4 million people) intending to buy one in the next 12 months. However, 59% of British consumers questioned were sceptical of the suggestion that most or all of their video viewing would be via streamed or downloaded services in the future.

By the end of 2010 there were some 20 internet-delivered paid-for video services, dominated at present by iTunes download-to-own or streaming propositions. BVA research indicates that people paying for these services are more likely to be male, with 55% under 30 years old. Meanwhile those who use cable and satellite pay-per-view services are usually in a family.

Other relevant developments

- 3D Blu-ray

  By December 2010 3.4% of all televisions sold were 3D TVs. The BVA asked consumers what they thought of 3D technology and 47% of those who had seen the technology said it was better than expected while 3.5% have it on their list of technologies to buy in the next 12 months. This increases to 23% of people who have seen 3D TV in a pub and this bodes well for the future sale of 3D Blu-ray Discs.

- Copyright Theft

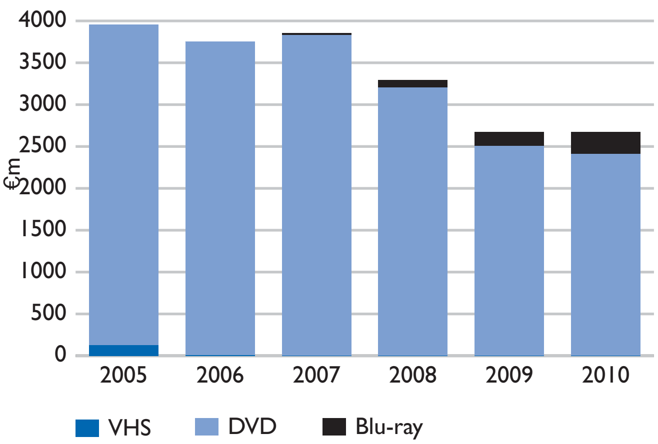
  Although the Digital Economy Act was passed in the UK in April 2010, it has still not been implemented at the time of going to print. Industry losses from all forms of copyright theft continued to exceed £0.5 billion a year and streaming of illicit content has overtaken downloaded files as 8.2% of British people engage in digital copyright theft in the UK. This is marginally lower than the 8.6% calculated to have indulged in 2009. Amongst the people who didn't pay to watch video content last year, 60% said they would have paid if they hadn't had access to the illegal source.

A new consumer advertising and PR campaign with a media value of £5 million was launched in early 2011 to signpost legal video services and persuade audiences that the film and TV moments they love are worth paying for.

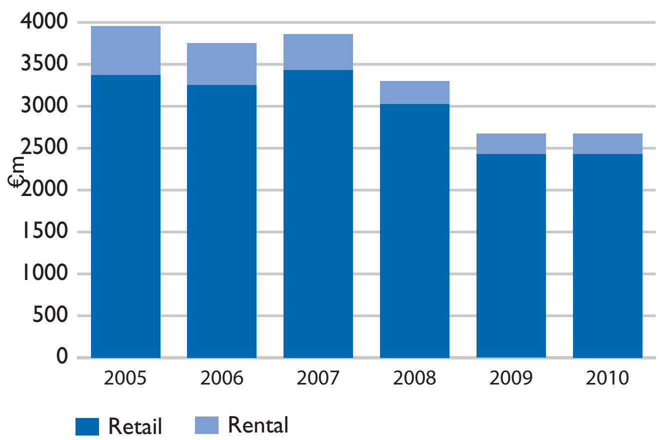
This commentary was provided by the BVA (British Video Association).

Video market: United Kingdom

Consumer spending by physical format



Consumer spending by sector



		2005	2006	2007	2008	2009	2010	10/09
EXCHANGE RATES								
Exchange rate: Euro 1=	£	0.68	0.68	0.68	0.80	0.89	0.86	
Exchange rate: $1=	£	0.55	0.54	0.50	0.54	0.64	0.65	
Exchange rate: $1=	Euro	0.80	0.80	0.73	0.68	0.72	0.75	
GENERAL								
Population	m	60.24	60.58	60.99	61.40	61.79	62.22	0.7%
Households	m	26.07	25.62	25.79	25.96	26.14	26.32	0.7%
HARDWARE								
TV households	m	25.6	25.8	25.4	25.5	25.7	25.9	0.7%
DVD sector								
DVD Video player/recorder households	m	18.0	20.6	22.3	22.9	23.7	23.8	0.6%
Penetration of TV households	%	70.5	79.8	88.0	89.7	92.1	92.0	
DVD console households	m	8.8	9.0	9.0	9.7	10.6	11.4	6.9%
Penetration of TV households	%	34.5	34.7	35.4	38.2	41.3	43.9	
BD sector								
BD standalone player households	m		0.000	0.017	0.301	0.990	2.058	107.8%
Penetration of TV households	%		0.001	0.069	1.180	3.853	7.951	
PS3 console households	m			0.9	1.9	3.0	3.9	30.1%
Penetration of TV households	%			3.7	7.5	11.5	14.9	

Total video software market

		2005	2006	2007	2008	2009	2010	10/09
TRADE LEVEL PHYSICAL VIDEO								
Total revenues from video software	£ m	1,517.1	1,503.7	1,526.5	1,459.0	1,388.2	1,416.0	2.0%
Total revenues from video software	Euro m	2,217.3	2,204.7	2,229.1	1,832.1	1,556.8	1,648.6	5.9%
Total revenues from retail video	£ m	1,432.3	1,445.7	1,481.6	1,411.1	1,348.5	1,376.9	2.1%
Total revenues from retail video	Euro m	2,093.4	2,119.6	2,163.6	1,772.0	1,512.3	1,603.1	6.0%
Total revenues from rental video	£ m	84.8	58.0	44.9	47.9	39.7	39.1	-1.6%
Total revenues from rental video	Euro m	123.9	85.1	65.5	60.1	44.5	45.5	2.1%

Video market: United Kingdom

		2005	2006	2007	2008	2009	2010	10/09
CONSUMER LEVEL PHYSICAL VIDEO								
Total spending on video software	£ m	2,708.1	2,559.6	2,644.2	2,628.8	2,386.2	2,296.5	-3.8%
Total spending on video software	Euro m	3,958.0	3,752.8	3,861.4	3,301.0	2,676.1	2,673.7	-0.1%
Total spending on retail video	£ m	2,309.5	2,219.2	2,349.4	2,408.6	2,164.8	2,088.9	-3.5%
Total spending on retail video	Euro m	3,375.4	3,253.7	3,430.9	3,024.6	2,427.7	2,432.0	0.2%
Total spending on rental video	£ m	398.6	340.4	294.8	220.2	221.5	207.6	-6.3%
Total spending on rental video	Euro m	582.6	499.1	430.5	276.5	248.4	241.7	-2.7%

		2005	2006	2007	2008	2009	2010	10/09
CONSUMER LEVEL DIGITAL VIDEO*								
Total spending on digital video	£ m	7.6	10.6	19.3	41.6	68.6	121.2	76.6%
Total spending on digital video	Euro m	11.1	15.5	28.1	52.2	77.0	141.1	83.3%
CONSUMER LEVEL TV VOD**								
Total spending on TV VOD	£ m	120.2	128.4	162.2	194.9	191.8	208.4	8.7%
Total spending on TV VOD	Euro m	175.6	188.3	236.8	244.7	215.1	242.5	12.8%

**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/NVoD/PPV) basis via cable/satellite/IPTV services.*

Retail video market

		2005	2006	2007	2008	2009	2010	10/09
Outlets stocking retail video	no	6,500	6,500	6,250	6,000	4,750	4,850	
Retail chains with 10 or more outlets	no	50	45	40	35	34	32	
Kiosks stocking retail video	no							
Trade level: DVD retail								
Revenues from retail DVD	£ m	1,416.9	1,444.7	1,459.8	1,341.2	1,239.7	1,209.9	-2.4%
Revenues from retail DVD	Euro m	2,070.8	2,118.2	2,131.8	1,684.2	1,390.3	1,408.6	1.3%
Retail DVD shipped to trade	m	209.4	241.3	267.1	245.3	243.1	226.5	-6.8%
Average trade price	£	6.77	5.99	5.47	5.47	5.10	5.34	4.7%
Average trade price	Euro	9.89	8.78	7.98	6.87	5.72	6.22	8.7%
Number of titles released	no	8,679	10,727	9,839	9,365	7,135	6,769	6.7%
Trade level: BD retail								
Revenues from retail BD	£ m		0.113	15.7	67.1	108.9	168.5	54.7%
Revenues from retail BD	Euro m		0.165	22.9	84.2	122.1	196.2	60.6%
Retail BD shipped to trade	m		0.009	1.3	5.4	10.0	15.2	51.4%
Average trade price	£		12.58	11.96	12.34	10.86	11.10	2.2%
Average trade price	Euro		18.44	17.46	15.50	12.18	12.92	6.1%
Consumer level: DVD retail								
Spending on retail DVD	£ m	2,245.4	2,215.0	2,327.6	2,333.0	2,022.8	1,878.0	-7.2%
Spending on retail DVD	Euro m	3,281.7	3,247.6	3,399.0	2,929.6	2,268.4	2,186.5	-3.6%
Retail DVD sold to consumers	m	211.2	227.0	248.1	252.9	234.6	210.1	-10.4%
Average consumer price	£	10.63	9.76	9.38	9.22	8.62	8.94	3.6%
Average consumer price	Euro	15.54	14.31	13.70	11.58	9.67	10.41	7.6%
Consumer level: BD retail								
Spending on retail BD	£ m		0.028	15.8	69.6	140.8	209.9	49.1%
Spending on retail BD	Euro m		0.040	23.1	87.4	157.9	244.4	54.8%
Retail BD sold to consumers	m		0.001	0.8	3.7	8.4	13.0	55.2%
Average consumer price	£		19.61	19.29	18.57	16.84	16.19	-3.9%
Average consumer price	Euro		28.75	28.17	23.32	18.89	18.84	-0.2%

Rental video market

		2005	2006	2007	2008	2009	2010	10/09
Video rental outlets	no	3,077	2,900	2,500	2,100	1,900	1,600	
Rental chains with 10 or more outlets	no	8	5	1	1	1	1	
Trade level: DVD rental								
Revenues from rental DVD	£ m	80.4	57.9	44.9	47.9	37.8	33.3	-12.0%
Revenues from rental DVD	Euro m	117.5	84.8	65.5	60.1	42.4	38.7	-8.7%
Rental DVD shipped to trade	m	8.7	6.9	4.4	4.5	3.8	3.4	-10.7%
Average trade price	£	9.23	8.43	10.14	10.55	9.88	9.74	-1.4%
Average trade price	Euro	13.49	12.36	14.80	13.24	11.08	11.34	2.3%
Number of titles released	no	528	600	439	445	371	384	-9.9%
Trade level: BD rental								
Revenues from rental BD	£ m					1.9	5.8	
Revenues from rental BD	Euro m					2.13	6.75	
Rental BD shipped to trade	m					0.15	0.49	
Average trade price	£					12.26	11.89	
Average trade price	Euro					13.75	13.84	
Number of titles released	no					54	106	
Consumer level: DVD rental								
Spending on DVD rental	£ m	376.9	339.5	293.8	216.9	213.8	194.5	-9.1%
Spending on DVD rental	Euro m	550.8	497.8	429.1	272.4	239.8	226.4	-5.6%
DVD rental transactions	m	130.1	115.6	97.7	78.1	76.2	67.6	-11.4%
Average rental price	£	2.90	2.94	3.01	2.78	2.81	2.88	2.6%
Average rental price	Euro	4.23	4.30	4.39	3.49	3.15	3.35	6.5%
Consumer level: BD rental								
Spending on BD rental	£ m			0.97	3.21	7.62	13.16	72.7%
Spending on BD rental	Euro m			1.42	4.04	8.55	15.32	79.3%
BD rental transactions	m			0.32	1.16	2.72	4.57	68.3%
Average rental price	£				2.78	2.81	2.88	2.6%
Average rental price	Euro				3.49	3.15	3.35	6.5%

Source: IHS Screen Digest/IVF/BVA
Population and household figures: Economist Intelligence Unit
Note: Distributor level excludes and consumer level includes VAT/sales tax

DVD retail top 10

Rank	Title	Distributor
1	Avatar	Twentieth Century Fox
2	Toy Story 3	Walt Disney
3	The Twilight Saga: New Moon	Entertainment One
4	The Twilight Saga: Eclipse	Entertainment One
5	2012	Sony Pictures
6	The Hurt Locker	Elevation Sales/Lionsgate
7	Sherlock Holmes	Warner Bros.
8	Up!	Walt Disney
9	Harry Potter & The Half Blood Prince	Warner Bros.
10	The Hangover	Warner Bros.

1. Ranking based on retail sales by volume
2. Units sold based on available data

Source: British Video Association (BVA)

Retail market by genre

	% share DVD	% share Blu-ray
Children's	14.6	11.4
Feature film	64.6	80.4
Music	1.9	1.9
Sport & Fitness	1.5	0.1
TV programming	14.6	5.8
Other	2.8	0.4

Source: British Video Association (BVA)

Blu-ray Disc retail top 10

Rank	Title	Distributor
1	Avatar	Twentieth Century Fox
2	Inception	Warner Bros.
3	Toy Story 3	Walt Disney
4	Iron Man 2	Paramount Pictures
5	2012	Sony Pictures
6	The Hurt Locker	Elevation Sales
7	Up!	Walt Disney
8	Alice In Wonderland	Walt Disney
9	Sherlock Holmes	Warner Bros.
10	Harry Potter & The Half Blood Prince	Warner Bros.

1. Ranking based on retail sales by volume
2. Units sold based on available data

Source: British Video Association (BVA)