United Kingdom

United Kingdom: key data

Population	62.2m
TV households	27m
DVD Video player/recorder	89.5%
Blu-ray Disc player/recorders penetration	12.4%
Distributor revenues from physical video software	£ 1.3bn /€ 1.5bn
Comparison with 2010 (local currency)	-5.9%
DVD/ Blu-ray Disc split	€ 1.3bn / € 219.7m
Video software rental/retail split (%)	2 / 98
Consumer spending on physical video software	£ 2bn /€ 2.3bn
Comparison with 2010 (local currency)	-4.4%
DVD/ Blu-ray Disc split	€ 2bn / € 299.8m
Video software rental/retail split (%)	14 / 86
Consumer spending on digital video and TV VOD	£ 315.8m / € 363.7m
Comparison with 2010 (local currency)	13.9%
Digital video/TV VOD split (%)	51 / 49

General

Consumers faced a big squeeze in disposable incomes in 2011, making trading conditions difficult throughout the UK. Against this backdrop demand for audio-visual content remained relatively robust, with just a small decline in sales and overall rental transactions doing better than they have for years. Consumer spending on video entertainment across physical and digital platforms amounted to £2.3 billion, 88% of which was accounted for by disc sales and rentals. This was twice the expenditure on cinema tickets.

DVD and Blu-ray

£1,749.1 million in discs sales represented 74.8% of the total paid-for video entertainment market, or 86% of the physical market. DVD was the dominant format, but while a 6.9% decline is recorded in DVD sales value, demand for premium high-definition content remained strong, with Blu-ray Disc (BD) contributing £223 million to physical sales value, boosted by growing interest in 3D Blu-ray as well as Triple Play.

Triple Play offers consumers a BD, DVD and digital copy of a title in one standardised pack. 3.1 million units were sold in 2011, accounting for 20% of BD sales. If the DVD had been accounted for separately these would almost negate the loss in DVD volume sales seen last year.

Although supermarkets dominate video retailing, with 42.5% of volume and 38.8% of sales value, the share taken by e-commerce grew at a faster rate in 2011. Internet disc sales value increased by 2.1% compared to growth of 1.6% for supermarkets. Amazon is by far the biggest online disc retailer, selling 16.4% of volumes and 19.4% of value in 2011. Its market share grew more than any other company, up 3.1% in value share. Kantar Worldpanel data shows that the number of people buying discs on Amazon increased by 670,000 in 2011, which explains its success. However, specialist entertainment retailer HMV remained the largest single video retailer in value sales.

Despite the £6.55 price differential between DVD and BD sales, rentals are usually charged at the same price for both formats. This makes Blu-ray rental a very attractive proposition, helping up drive demand by 34%, contributing £37.5 million to the total disc rental market, which rose 28%.

Improved data shows that store rentals have not declined as fast as originally thought and online subscriptions overtook store-based transactions for the first time in 2011, accounting for 52% of total physical rentals. 46.5 million transactions were made in rental shops, down 4.0%. Blockbuster continues to be the main over-the-counter outlet and LOVEFiLM took the lion's share of online disc rentals.

Online distribution

BVA consumer research shows that 80% of British consumers engaged in some form of digital activity in 2011, but 80% of these were watching free, catch-up or adfunded streaming services. Based on 32 weeks of Kantar data, it is estimated that 7.2% of consumers spent £316 million to access transactional digital video entertainment (not including subscription TV), the majority being film content.

Rental services accounted for 69% of consumer digital spending, with TV-VoD currently the most successful platform, representing nearly half the digital video market value. It is dominated by Sky, Virgin and BT Vision and the sector is expected to continue growing in importance as more digital services enter the main family room on internet-connected TVs. LOVEFiLM, Blinkbox and most recently Netflix have become the biggest open-internet rental services in the UK.

Digital retail services accounted for £97 million of digital video sales (Electronic Sell-through/Download-to-Own), heavily dominated by Apple's iTunes. PlayStation Network, Xbox Live Marketplace, Acetrax and Tesco's Blinkbox between them make up for roughly a quarter of the download-to-own market.

17% of households had a tablet in 2011 and 8.8% of digital video transactional spend was through such devices. One in two now own a smartphone in the UK and 9% of these say they are likely to watch films on a mobile, while 12% say they are likely to watch TV. Yet in the BVA's annual consumer tracking study, of those asked if they foresaw a time when most or all of their film/TV buying would be through digital streaming or downloading, 59% said no!

Other developments

Hardware

Despite around 90% of British households owning a DVD player, 5.4 million were bought in 2011. In addition, 1.3 million Blu-ray players were bought, 21% more than in 2010, taking the installed base to 3.4 million stand-alone BD players. When added to the 4.7 million PS3 consoles which also play BD, Blu-ray's penetration amounts to 27% of UK homes. 43% of BD players sales were 3D enabled. At the same time, over 700,000 3D enabled TVs were sold, 11% of all TV sales in the UK.

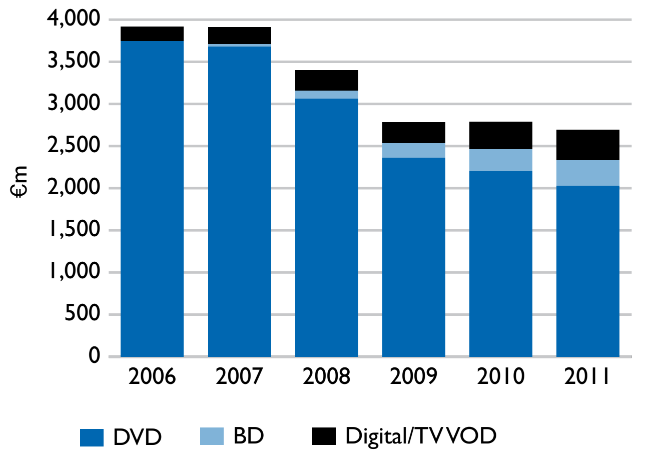
Copyright Theft

Industry's annual tracking study of the impact of copyright theft on the UK audio-visual sector shows that over £0.5 billion is still being lost in cannibalised consumer spending on cinema and video entertainment. Failed legal challenges to the Digital Economy Act have delayed its implementation, which could explain why new research conducted by BAE Systems Detica indicates that illegal P2P services are growing in popularity. It is hoped that success in recent test cases to block illegal websites will encourage more action against services facilitating the streaming and downloading of unauthorised video content.

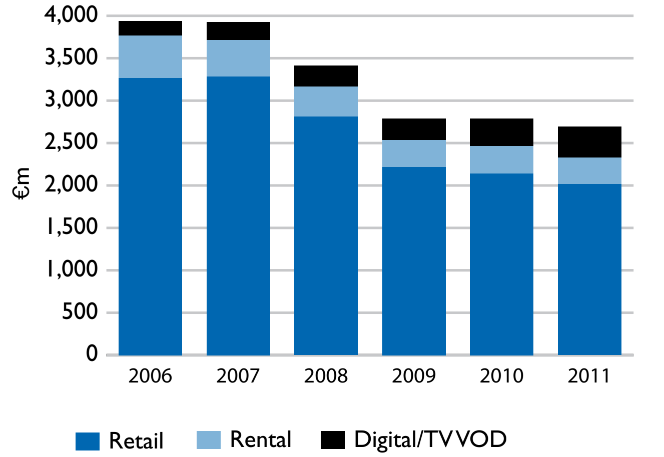
This commentary was provided by the BVA, the British Video Association

Video market: United Kingdom

Consumer spending by physical format



Consumer spending by sector



		2006	2007	2008	2009	2010	2011	10/11
EXCHANGE RATES								
Exchange rate: Euro 1=	£	0.68	0.68	0.80	0.89	0.86	0.87	
Exchange rate: $1=	£	0.54	0.50	0.54	0.64	0.65	0.62	
Exchange rate: $1=	Euro	0.80	0.73	0.68	0.72	0.75	0.72	
GENERAL								
Population	m	60.6	60.9	61.2	61.6	61.9	62.2	0.5%
Households	m	26.1	26.4	26.5	26.7	27.0	27.2	0.9%
HARDWARE								
TV households	m	25.8	26.1	26.3	26.5	26.8	27.0	1.0%
DVD sector								
DVD Video player/recorder households	m	20.3	22.1	23.4	24.2	24.2	24.2	0.1%
Penetration of TV households	%	78.6	84.6	88.9	91.3	90.3	89.5	
DVD console households	m	9.0	9.0	9.7	10.6	11.4	11.6	2.2%
Penetration of TV households	%	34.7	34.4	37.1	40.1	42.5	43.0	
BD sector								
BD standalone player households	m	0.000	0.017	0.301	0.990	2.058	3.354	62.9%
Penetration of TV households	%	0.001	0.067	1.145	3.736	7.693	12.412	
PS3 console households	m		0.9	1.9	3.0	3.9	4.7	21.5%
Penetration of TV households	%		3.6	7.3	11.2	14.4	17.3	

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	£ m	1,509.5	1,528.6	1,459.4	1,389.8	1,417.4	1,334.1	-5.9%
Total revenues from video software	Euro m	2,213.2	2,232.2	1,832.6	1,558.6	1,650.3	1,536.6	-6.9%
Total revenues from retail video	£ m	1,451.5	1,483.7	1,411.5	1,350.1	1,378.4	1,302.1	-5.5%
Total revenues from retail video	Euro m	2,128.1	2,166.7	1,772.5	1,514.1	1,604.8	1,499.7	-6.5%
Total revenues from rental video	£ m	58.0	44.9	47.9	39.7	39.1	32.0	-18.1%
Total revenues from rental video	Euro m	85.1	65.5	60.1	44.5	45.5	36.8	-19.0%

Video market: United Kingdom

		2006	2007	2008	2009	2010	2011	10/11
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	2,569.6	2,543.9	2,522.4	2,261.4	2,117.3	2,023.5	-4.4%
Total spending on video software	Euro m	3,767.5	3,714.9	3,167.5	2,536.1	2,465.2	2,330.7	-5.5%
Total spending on retail video	£ m	2,229.2	2,249.1	2,238.9	1,976.5	1,839.6	1,749.1	-4.9%
Total spending on retail video	Euro m	3,268.4	3,284.3	2,811.4	2,216.6	2,141.8	2,014.6	-5.9%
Total spending on rental video	£ m	340.4	294.8	283.6	284.8	277.7	274.4	-1.2%
Total spending on rental video	Euro m	499.1	430.5	356.1	319.4	323.3	316.1	-2.2%

		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	£ m	10.6	19.3	41.6	68.6	119.9	153.4	28.0%
Total spending on digital video	Euro m	15.5	28.1	52.2	77.0	139.5	176.7	26.7%
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	106.7	122.5	150.8	154.5	157.5	162.3	3.1%
Total spending on TV VOD	Euro m	156.5	178.9	189.4	173.3	183.3	187.0	2.0%

Retail video market

		2006	2007	2008	2009	2010	2011	10/11
Outlets stocking retail video	no.	6,500	6,250	6,000	4,750	4,850	4,905	
Retail chains with 10 or more outlets	no.	45	40	35	34	32	32	
Kiosks stocking retail video	no.							
Trade level: DVD retail								
Revenues from retail DVD	£ m	1,444.7	1,459.8	1,341.2	1,239.7	1,209.9	1,120.3	-7.4%
Revenues from retail DVD	Euro m	2118.2	2131.8	1684.2	1390.3	1408.6	1290.4	-8.4%
Retail DVD units shipped to trade	m	241.3	267.1	245.3	243.1	226.5	208.1	-8.1%
Average trade price	£	5.99	5.47	5.47	5.10	5.34	5.38	0.8%
Average trade price	Euro	8.78	7.98	6.87	5.72	6.22	6.20	-0.3%
Number of titles released	no.	10,727	9,839	9,365	7,581	7,135	6,727	
Trade level: BD retail								
Revenues from retail BD	£ m	0.113	15.7	67.1	108.9	168.5	181.8	7.9%
Revenues from retail BD	Euro m	0.165	22.9	84.2	122.1	196.2	209.3	6.7%
Retail BD units shipped to trade	m	0.009	1.3	5.4	10.0	15.2	16.7	9.7%
Average trade price	£	12.58	11.96	12.34	10.86	11.10	10.91	-1.7%
Average trade price	Euro	18.44	17.46	15.50	12.18	12.92	12.57	-2.7%
Number of titles released	no.	34	239	557	867	947	1,251	
Consumer level: DVD retail								
Spending on retail DVD	£ m	2,215.0	2,226.9	2,164.4	1,839.2	1,639.5	1,525.9	-6.9%
Spending on retail DVD	Euro m	3,247.6	3,251.9	2,717.9	2,062.6	1,908.8	1,757.5	-7.9%
Retail DVDs sold to consumers	m	227.0	248.1	252.9	234.6	210.1	191.8	-8.7%
Average consumer price	£	9.76	8.98	8.56	7.84	7.80	7.96	2.0%
Average consumer price	Euro	14.31	13.11	10.75	8.79	9.08	9.17	0.9%
Consumer level: BD retail								
Spending on retail BD	£ m	0.028	15.6	65.3	135.4	199.4	222.8	11.7%
Spending on retail BD	Euro m	0.040	22.8	82.0	151.8	232.2	256.6	10.5%
Retail BDs sold to consumers	m	0.001	0.8	3.7	8.4	13.0	15.3	18.4%
Average consumer price	£	19.61	19.08	17.44	16.20	15.38	14.51	-5.6%
Average consumer price	Euro	28.75	27.87	21.89	18.17	17.90	16.71	-6.6%

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.	2,900	2,500	2,100	1,900	1,600	1,500	
Rental chains with 10 or more outlets	no.	5	1	1	1	1	1	
Trade level: DVD rental								
Revenues from rental DVD	£ m	57.9	44.9	47.9	37.8	33.3	23.0	-30.9%
Revenues from rental DVD	Euro m	84.8	65.5	60.1	42.4	38.7	26.5	-31.6%
Rental DVD units shipped to trade	m	6.9	4.4	4.5	3.8	3.4	3.5	3.2%
Average trade price	£	8.43	10.14	10.55	9.88	9.74	6.53	-33.0%
Average trade price	Euro	12.36	14.80	13.24	11.08	11.34	7.52	-33.7%
Number of titles released	no.	600	439	445	426	384	403	
Trade level: BD rental								
Revenues from rental BD	£ m				1.90	5.79	8.98	55.0%
Revenues from rental BD	Euro m				2.13	6.75	10.34	53.3%
Rental BD units shipped to trade	m				0.15	0.49	0.78	60.5%
Average trade price	£				12.26	11.89	11.48	-3.4%
Average trade price	Euro				13.75	13.84	13.22	-4.5%
Number of titles released	no.				141	127	131	
Consumer level: DVD rental								
Spending on DVD rental	£ m	339.5	293.8	276.1	267.5	248.3	236.9	-4.6%
Spending on DVD rental	Euro m	497.8	429.1	346.7	300.0	289.1	272.9	-5.6%
DVD rental transactions	m	115.6	97.7	93.1	91.9	83.2	83.0	-0.2%
Average rental price	£	2.94	3.01	2.96	2.91	2.98	2.85	-4.4%
Average rental price	Euro	4.30	4.39	3.72	3.26	3.48	3.29	-5.4%
Consumer level: BD rental								
Spending on BD rental	£ m		0.97	7.49	17.37	29.43	37.54	27.6%
Spending on BD rental	Euro m		1.42	9.40	19.48	34.26	43.24	26.2%
BD rental transactions	m		0.32	2.48	5.87	9.82	13.16	34.1%
Average rental price	£		3.01	3.02	2.96	3.00	2.85	-4.8%
Average rental price	Euro		4.39	3.79	3.32	3.49	3.29	-5.9%

Source: IHS Screen Digest/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 Screen Digest 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 difer 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	15.4	16.0	8.8
Feature film	64.2	62.7	82.5
Music	2.0	2.0	2.1
Sport & Fitness	1.4	1.5	0.1
TV programming	14.0	14.7	5.7
Other	3.0	3.2	0.9

Source: British Video Association (BVA)

Blu-ray Disc retail top 10

Rank	Title	Distributor
1	Harry Potter and the Deathly Hallows: Part 2	Warner Home Video
2	Harry Potter and the Deathly Hallows: Part 1	Warner Home Video
3	Transformers: Dark of the Moon	Paramount Pictures
4	Star Wars: The Complete Saga	Twentieth Century Fox
5	Pirates of the Caribbean: On Stranger Tides	Walt Disney
6	The Inbetweeners Movie	Channel 4
7	Rise of the Planet of the Apes	Twentieth Century Fox
8	Tron Legacy	Walt Disney
9	Thor	Paramount Pictures
10	X-men: First Class	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

DVD retail top 10

Rank	Title	Distributor
1	Harry Potter and the Deathly Hallows: Part 1	Warner Bros.
2	Harry Potter and the Deathly Hallows: Part 2	Warner Bros.
3	The Inbetweeners Movie	Channel 4
4	The King's Speech	Momentum
5	Despicable Me	Universal Pictures
6	Peter Kay Live: The Tour that Didn't Tour - Tour	Universal Pictures
7	Pirates of the Caribbean: On Stranger Tides	Walt Disney
8	Paul	Universal Pictures
9	Tangled	Walt Disney
10	Bridesmaids	Universal 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