

Understanding the Digital World

## Television & Over-The-Top

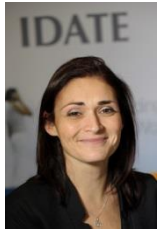
# **State of TV & Video Services worldwide**

Terrestrial • Satellite • Cable • IPTV • DVD • Blu-ray • Video on demand

M14205SR1A – July 2014

- • • This document is a part of our "Television & Over-The-Top" category which includes in 2014:
  - a dataset in Excel, updated twice yearly
  - a state-of-the-art report in PowerPoint, updated twice yearly
  - four market reports in Word, each with its synopsis in PowerPoint
  - Privileged access to our lead Media analysts

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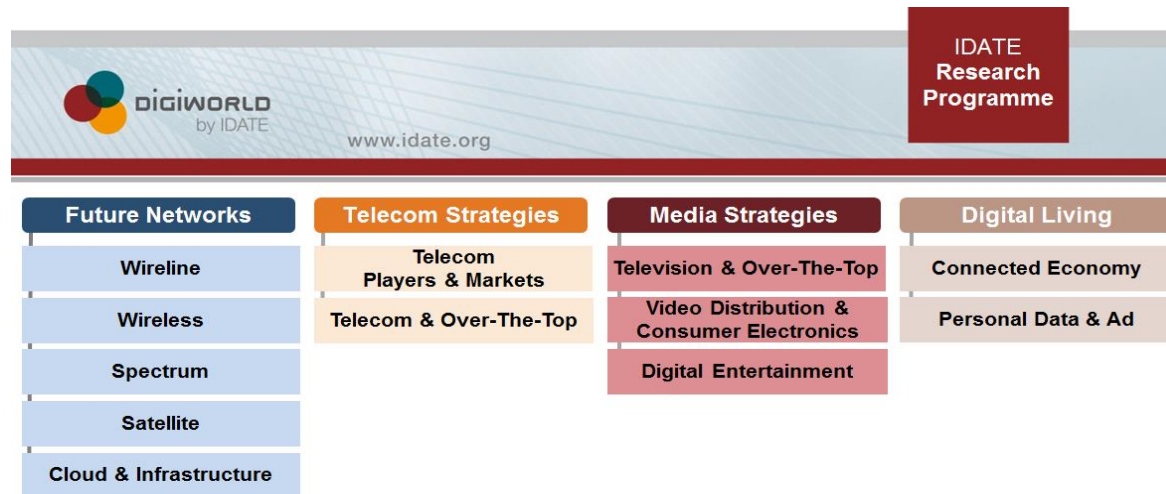
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## About IDATE and DigiWorld Institute

Founded in 1977, IDATE has gained a reputation as a leader in tracking telecom, Internet and media markets, thanks to the skills of its teams of specialized analysts. Now, with the support of more than 40 member companies – which include many of the digital economy's most influential players – the newly rebranded DigiWorld Institute has entered into a new stage of its development, structured around three main areas of activity:

- IDATE Research, an offer of market intelligence publications
- IDATE Consulting, time-tested analysis
- DigiWorld Institute, a think tank on the digital economy



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# State of TV & Video Services worldwide

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## 2. Methodology

## 2.1. Indicators by country

### Usage indicators

- Viewing time: live TV, catch-up TV, video on demand (VoD) on managed services and OTT
- The top free-to-air channels' audience share
- Number of transactions: DVD and Blu-ray sales and rentals

### Access indicators

- General access indicators: TV households, fixed and mobile internet accounts, 3G and 4G mobile subscribers
- Households' television access mode on the main TV set: terrestrial, satellite, cable, IPTV
- Digitisation levels: analogue/digital split for each access mode
- Pay-TV penetration: pay-TV/free-to-air only split
- Customer numbers for the main pay-TV services
- Audience figures for the top TV channels for a selection of countries

### Revenue indicators

- GDP; TV, Home video and on-demand video revenue's share of GDP
- Income from public financing/licensing fees
- TV and online video (in-stream adverts) ad revenue
- Pay-TV revenue

### Type of data

- Background data 2009-2012
- Estimates as of the end of 2013
- Forecasts for 2014-2018

### Geographical coverage

- The global TV market is broken down into **five main regions**: Europe, North America, Latin America, Asia-Pacific and Africa-the Middle East.
- **Regional aggregate data** include all countries in the region

Europe		
• Austria	• Ireland	• Romania
• Belgium	• Italy	• Russia
• Bulgaria	• Latvia	• Scandinavia
• Czech Republic	• Lithuania	• Slovakia
• Estonia	• Luxembourg	• Spain
• France	• The Netherlands	• Switzerland
• Germany	• Poland	• The UK
• Hungary	• Portugal	
North America		Latin America
• Canada		• Argentina
• USA		• Brazil
		• Colombia
		• Mexico
Asia-Pacific		Africa & the Middle East
• Australia		• South Africa
• China		• Egypt
• South Korea		• Turkey
• India		
• Japan		

## 2.2. Definitions (1)

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- Breakdown of video viewing time:
- **Live TV viewing time:** average time spent per day watching live TV programming on a television over a managed network, by all individuals that make up the population being examined
- **Time-shifted TV viewing time:** average time spent per day watching programmes recorded on a DVR or using a catch-up TV service on a television, over a managed network and in the week following its original broadcast, by all individuals that make up the population being examined
- **Online viewing time:** average time spent per day watching OTT videos, i.e. on the open access web. This includes catch-up programming watched on a TV broadcaster's website, VoD and S-VoD, and videos from social media sites viewed on a connected device (computer, smartphone, tablet, smart TV).

Only retail market sales are taken into account for income from **video hard copies** (DVD & Blu-ray). This includes DVD and Blu-ray retail sales and rentals.

We draw a distinction between four main **types of access to live TV programming**:

- **The terrestrial network.** "Terrestrial TV households" refers to all TV households receiving only or mainly television channels using a rooftop antenna.
- **Satellite.** "Satellite TV households" refers to all TV households receiving only or mainly television channels using a satellite dish.
- **Cable.** "Cable TV households" refers to all TV households receiving only or mainly television channels from a cable operator.
- **IPTV.** "IPTV households" refers to all TV households receiving only or mainly television channels using ADSL or optic fibre access networks.

## 2.2. Definitions (2)

For the purposes of this study, **we only considered the main television in the household**. Therefore, the sum of terrestrial, satellite, cable and IPTV households is always equal to the total number of TV households (no double counting). We also distinguish between:

- **analogue households**, receiving only analogue television channels, and **digital households**, receiving primarily digital television channels;
- **free-to-air** households: households receiving only free television channels and “**paying**” **households**, i.e. households receiving television channels through a pay-TV subscription.

Television broadcasters and pay-TV providers derive their revenue from three main sources:

- **Public funding**, here we include all public investment dedicated to funding the television sector, including licensing fees and State financing.
- **Advertising**. Here we measure the ad revenue earned by TV broadcasters, from both commercials on live TV and adverts on their catch-up services on managed networks (in-stream ads only). This includes public and commercial broadcasters, free-to-air and pay-TV channels. When the net amounts were not available, gross turnover was used.
- **Pay-TV revenue, which includes income from subscriptions and pay-as-you-go (PAYG) schemes**. Here we measure the income that commercial pay-TV providers earn from subscriptions and pay-as-you-go sales.

Video on demand (VoD) revenue is broken down into **four types of service**:

- **VoD services**: pay-per-view buys that include video sales (i.e. permanent ownership of the content) and time-limited rental;
- **S-VoD services**: subscription-based VoD services that give customers unlimited access to a library of content;
- **Ad revenue**: the income generated by in-stream ads on OTT (i.e. openly available online) video services
- **Mobile video services**: income earned on OTT videos watched on a mobile device over cellular network.



## 2.3. Pay-TV segmentation

We distinguish two types of **pay-TV service** in the main markets:

- **Access services.** This refers to offers made up chiefly of free-to-air channels, with viewers being charged only for access to the service. Some premium products may be included, usually thanks to local partnerships between broadcasters and the service provider or a special promotional offer.
- The “access services” segment therefore includes **cable companies’ CATV services and ISPs’ basic IPTV packages** which are included in internet access + landline calling bundles at no extra charge, or when sold as an optional add-on to access services.
- **Premium services.** This refers to live programming channels or packages that can only be viewed by customers who subscribe separately from their telecom service or through a pay-as-you-go scheme.

The “premium services” segment therefore includes optional pay-TV channels and packages that are generally available over various systems: terrestrial, satellite, cable and IPTV.

A household **may subscribe to both an access and a premium solution** for the main TV set in the home. We therefore draw a distinction between those households that subscribe only to access services (access-only households) and those that subscribe to at least one premium TV offer (premium households). Households that subscribe to both are therefore counted as premium households.

**Access and premium service revenue** therefore includes:

- **For access services:** rights of access to CATV services, paid via subscription to a cable company or included in utility bills; the TV service’s share of the price of a bundle according to the provider (including a lower VAT rate) and income from access options.
- **For premium services:** income from the sale of subscriptions and pay-as-you-go cards.

## 2.4. Sources

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**Historical data** are based on the following sources of information:

- publications from national regulatory authorities, ministries and national statistical organisations,
- operators' financial reports,
- press releases.

These various sources have been confirmed and corroborated as necessary by our own expert **estimates**. Adjustments may have been made to figures from previous editions (new information available, error corrections, change in a country's territorial borders, etc.)

Our **forecasts** are based on hypotheses on the expected changes in penetration rate for the various distribution networks (% of population) in the various markets and changes in ARPU.

The hypotheses are rooted in several factors:

- actual level of market development,
- perceived market potential based on the general rate of economic growth,
- national industrial context (especially planned rollouts),
- changes in consumer behaviour.

As concerns monetary and GDP data:

- Country market data are presented in **local currency and converted to euros and dollars**. Conversion rates (average International Monetary Fund exchange rate for 2012) are listed at the top of each tab.
- Background data and forecasts for **national and regional GDP** (based on IMF 2013 data) are converted to euros and national currency.