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EU TV Markets: Progress of IPTV, VOD, DTT services

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The Western European market for television service features a diverse set of offerings and regulations across nations. Terrestrial services are a common choice among consumers in all nations, but IPTV is making inroads in some areas, with France in particular serving as a worldwide leader in IPTV growth. The following is a brief overview of several key countries, with information and data from Parks Associates' recent report *Television Services: Global Outlook (Second Edition)*.

The upcoming executive summit CONNECTIONS Europe™, November 15-16 in Amsterdam, will feature multiple sessions focused on advanced TV services and devices, including "Consumers and Connected Consumer Electronics," "Bringing the Content: Content Delivery and Control for Connected TVs," "Extending the Video Experience to Multiple Screens," and "Value-added Services & the Video Ecosystem." Register Today at www.connectionseurope.com.

Germany

Germany is the largest television services market in Western Europe with over 37 million TV households in 2009. Pay-TV services have lower penetration in Germany, due to the abundance of non-pay alternatives.

The market for pay-TV services is highly competitive and driven by sports-related subscriptions (particularly soccer/football). Cable represents almost one-half of pay-TV subscriptions, with satellite serving the next largest percentage and DTT claiming the remaining subscribers. IPTV is a small but influential factor in the German pay TV market. The primary IPTV providers, Deutsche Telekom, Alice/HanseNet, and Arcor, are using their IPTV platforms to introduce several advanced services, including VOD, catch-up TV and 3D TV into the German market. MSOs are responding by upgrading their systems to combat this new threat.

France

The French pay-TV services market is led by a few large providers in cable and DTH and by the rapid growth of IPTV services. After a period of consolidation among cable providers, Numéricâble is the dominant cable provider in France serving almost all of the French cable TV market. CanalSat (Canal+) is the leading DTH provider, although it does have competition from a handful of other providers. Due to the high penetration of broadband ADSL services in France, IPTV has seen significant growth in the French market, led by Iliad (Free) and Orange (France Telecom). France's DTT market is set for additional growth with push VOD services and HbbTV offering providing new competition to France's traditional operators.

United Kingdom

The U.K. has high penetration of digital TV services combined with high usage of free TV offerings. Ninety-two percent of U.K. homes receive digital TV services (making it the highest penetration in Western Europe) while almost 75% of homes receive the free DTT service Freeview on at least one television. A satellite version of Freeview (Freesat) is also available. BSkyB is the leading pay TV DTH provider, leveraging its offerings of premium content (sports and movies) to propel the company to its current position. Virgin Media dominates the U.K. cable market with a 90% cable market share. IPTV penetration in the U.K. is very low. While British Telecom (BT), the primary IPTV provider, announced it would not meet its 2010 subscriber goal of 2-3 million subscribers, new regulations allowing BT to offer triple-play services should give the company more traction in the future.

While HbbTV is progressing in France and Germany, the BBC and several TV-related organizations in the U.K. have created Project Canvas as an alternative standard for blending broadcast and IP-based interactive services.

Uptake of HD services, VOD, and DVRs is strong in the U.K. The use of online video for TV content is similarly popular, led by the BBC and its successful iPlayer platform. Seven million unique visitors were registered for the iPlayer platform through December 2009, and iPlayer served TV programs for 68.2 million requests in January 2010. Other broadcasters, including ITV (ITV Player), Channel 4 (4oD), Five (Demand Five), and BSkyB (Sky Player), have followed the BBC's lead.

Italy

The Italian market lacks cable infrastructure and is heavily reliant on terrestrial and satellite TV services. The current DTT offerings include both free and pay-TV services. Mediaset and Dahlia both offer pay DTT services, and Sky Italia is the dominant DTH provider as well as the main multichannel pay-TV provider with 4.7 million subscribers, though it lost its DTH monopoly status in mid-2009. A new DTH player is Tivùsat, a DTH service modeled on the Freesat service in the U.K. and that offers free satellite access to several DTT channels. IPTV penetration is low in Italy. After Tiscali left the market in 2008, three IPTV providers remain: Alice (Telecom Italia), FastWEB, and Wind. Two broadcasters, RAI and Mediaset, have historically been the market leaders in analog terrestrial services.

Telecom Italia has introduced a new broadband OTT box that brings free and pay-TV content to consumers via DTT channels. CuboVision® offers PPV, VOD, widgets, an app store, and the ability to manage personal content. Importantly, the CuboVision box is available to any consumers, not only those who subscribe to Telecom Italia's broadband or IPTV services.

Spain

According to the Instituto Nacional de Estadística, Spain includes 15.25 million TV households, about 99% of its population. DTH and cable serve about 20% and 15% of Spanish homes, respectively. Just over 5% of the market relies on IPTV services. Sogecable (satellite), ONO (cable), and Telefonica (IPTV) dominate the pay-TV market segments. HD and VOD services are available, and emerging services such as 3D TV are being tested in the Spanish market. Over one-half of Spain's TV households receive their primary TV service via DTT. In August 2009, the Spanish government authorized pay-DTT services, but the rollout of these services has been limited.

The Netherlands

Unlike many European nations, terrestrial television does not enjoy broad penetration in the Netherlands. Prior to the analog switchoff in 2006, only 5% of households used the terrestrial network. Following the move to digital terrestrial, that figure has risen to 12% by 2009.

Holland is the second largest cable TV market in Western Europe after Germany. Approximately 80% of Dutch homes are cable TV subscribers. Four primary providers serve the cable market: Zesko (Ziggo), UPC Nederland, Delta, and CAIW. DTH providers serve approximately 10% of the Dutch market. CanalDigitaal is the primary satellite services provider. IPTV services via ADSL are provided by KPN, Tele 2, Lijbrandt Telecom, and Online Breedband.

An interesting factor in the Dutch market is the wide adoption of the CI+ (or CI Plus) standard by Dutch cable operators. CI+ allows customers to receive pay-TV services on a CI+-equipped television without a set-top box or via CI+-enabled STB. Several cable providers launched or announced support for CI+ in 2010, including Ziggo, CAIWay, Delta Kabelcomfort, Kabel Noord, and SKV, making CI+ virtually a *de facto* standard in Holland. UPC Nederland has not yet announced support for CI+ and is the only cable operator in the Netherlands to lease set-top boxes to its customers.

Future Trends in Europe

Each European television services market is unique due to differing regulations and offerings within each nation. Overall, hybrid set-top boxes will become more prevalent across Europe as DTT and DTH firms roll out advanced services including push VOD and access to online content. However, additional value-added services will not be limited to these areas. Telco and cable operators will grow their VOD and online offerings, supplementing them with start-over TV, TV everywhere, and 3D TV offerings.

For more on the growth of TV services in Europe and the rest of the world, please contact Parks Associates at 972-490-1113, sales@parksassociates.com, and ask for *Television Services: Global Outlook (Second Edition)* or register now for **CONNECTIONS™ Europe** at www.connectionseurope.com.

About Parks Associates

Parks Associates is an internationally recognized market research and consulting company specializing in emerging consumer technology products and services. Founded in 1986, Parks Associates creates research capital for companies ranging from Fortune 500 to small start-ups through market reports, primary studies, consumer research, custom research, workshops, executive conferences, and annual service subscriptions.

The company's expertise includes new media, digital entertainment and gaming, home networks, Internet and television services, digital health, mobile applications and services, consumer electronics, and home control systems and security.

Each year, Parks Associates hosts executive thought leadership conferences CONNECTIONS™, with support from the Consumer Electronics Association (CEA®), and CONNECTIONS™ Europe. In addition, Parks Associates produces the online publication Industry Insights in conjunction with the CONNECTIONS™ Conference series.

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About the Author

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Brett has spent over fifteen years in the industry as an executive manager and entrepreneur, building new businesses and new divisions for technology and business services firms. Previously, he founded and served as vice president of sales and marketing for Teligy, a software company specializing in embedded software for wired and wireless communications systems. Brett established new divisions for audio/multimedia software and networking for Intelligraphics. He has also been involved in the development and marketing of early-market products for 802.11 wireless networking, PC-based VoIP, and other technologies.

With a comprehensive understanding of all areas of marketing for technical product and service companies, including product development, strategic planning, and marketing communications, Brett knows the critical role that market research serves in the success of market-driven companies. He is able to work with Parks Associates' clients to arm them with the market information they need to succeed in their business.

Brett holds an MBA from the University of Texas at Austin with a concentration in high-tech marketing and a BA in physics from Baylor University.